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ESTABLISHED 1887

Filipino Rebels: Test for Army Guerrillas



Communist rebels hit a rail bridge this week south of Manila.

Guerrillas Now Hold Edge in War

By Bernard E. Trainor
New York Times Service
ZAMBOANGA, Philippines — Almost half of the Philippine Army is engaged in the counterinsurgency campaign against Communist and Muslim rebels on the island of Mindanao, but its forces appear to be making little headway.

Army forces are spread thinly in garrisons along the populated coastal areas of the island, the southernmost and second largest of the Philippine archipelago. They patrol some villages of the interior, but the guerrillas appear to have the military initiative.

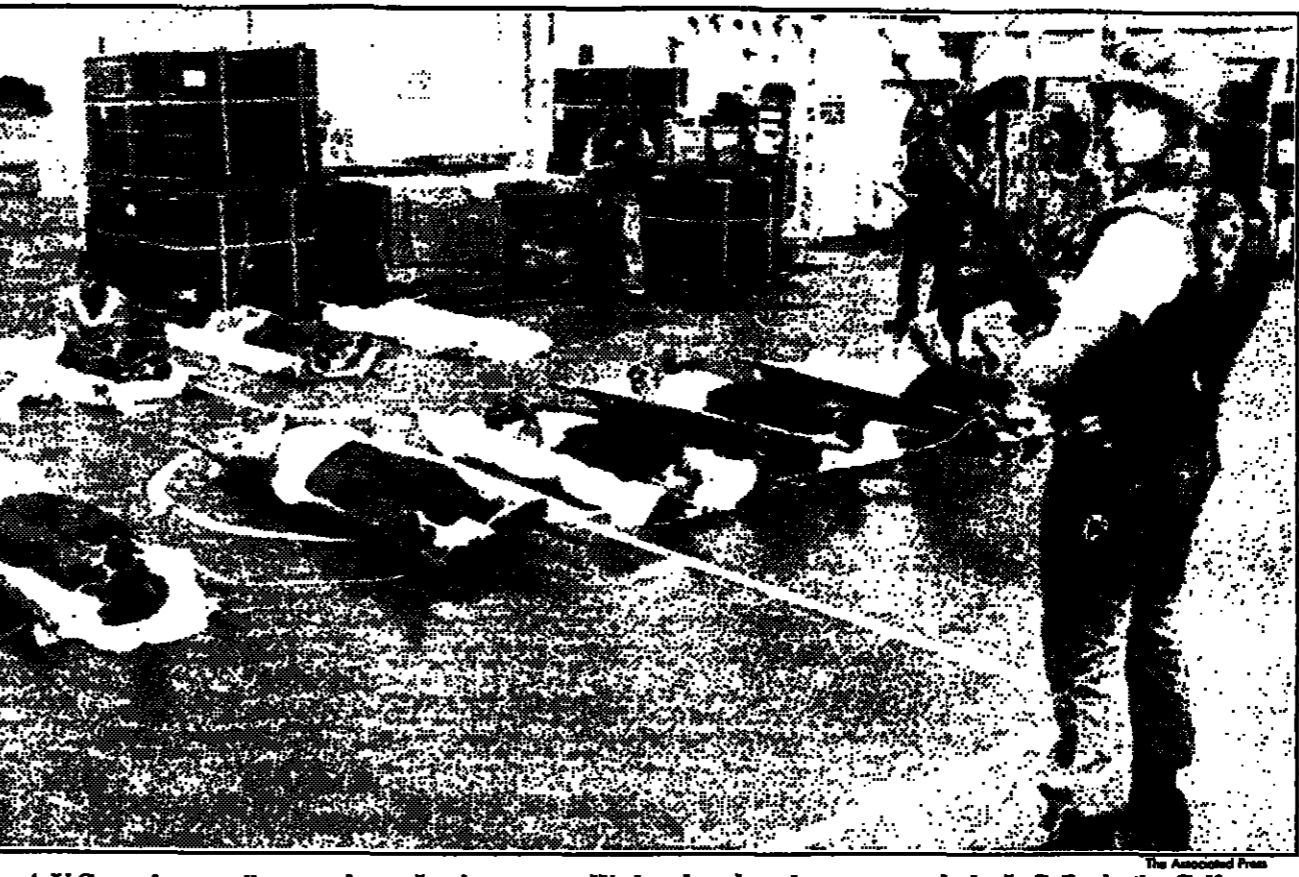
Most of the fighting in the area occurs when guerrillas attack a government garrison or ambush an army patrol in the heavily forested and mountainous countryside. Many officers acknowledge they are reluctant to risk soldiers' lives by tracking down the insurgents when the government has not succeeded in bringing about the promised political and economic changes to combat the poverty and inequality that has caused the insurgency.

This was one of the complaints lodged against President Corason C. Aquino by Colonel Gregorio Honasan, who led the coup attempt in the Philippines last month. The Philippine Southern Command, on the Zamboanga Peninsula, jutting westward into the Sulu Sea, is responsible for internal security on Mindanao and the neighboring island groups of Basilan, Jolo and Tawi-tawi.

The command under General Cesar Tapia, a highly respected army officer, faces two regional insurgencies. One is conducted by the military arm of the Philippine Communist Party, the New People's Army. The other is an on-again, off-again war by the Moro National Liberation Front and other Muslim separatist guerrilla groups.

The Communist and Muslim rebels operate in separate areas and seldom cooperate, according to government officials. Officers of the Southern Command consider the Communist insurgency the more serious threat. Unlike the Muslim separatist movement, which is regional and considered amenable to a political solution in the form of greater rights for the Muslims on Mindanao and the Sulu Archipelago, the Communists are trying to seize control of the entire Philippines.

Officers of the Southern Command said that the Communists are particularly difficult to find and defeat.



A U.S. marine standing guard over Iranian seamen Wednesday aboard a navy vessel, the LaSalle, in the Gulf.

Elite, Secret Army Unit Attacked Iran Ship

By George C. Wilson
Washington Post Service
WASHINGTON — The U.S. attack on an Iranian Navy ship suspected of laying mines in the Gulf was carried out by a special unit of the U.S. Navy, a counterterrorism task force specially trained and equipped to operate in darkness and bad weather, Pentagon sources disclosed.

The helicopter that raked the Iran Ajr with rockets and gunfire, they said, was a special version of the Hughes OH-6 used by Task Force 160 at Fort Campbell, Kentucky. Task Force 160 is a low-profile, fast-response unit designed to move undetected into terrorist or hostage situations almost anywhere in the world.

The helicopter is armed with machine guns and 2.75-inch (70.5-millimeter) rockets, which scatter shrapnel over a wide area to maximize the chances of hitting a small target like the Iranian ship.

The helicopter also is equipped with an array of night-detection devices that most navy helicopters in the Gulf lack.

Pilots and gunners flying the helicopter wear high-technology night-vision goggles so they can see with only a little starlight and moonlight.

There were conflicting reports from the Pentagon and the Gulf as to whether more than one of the special helicopters carried out the attack. Task Force 160 is sometimes called "the wings of Delta Force," the specially trained troops normally quartered at Fort Bragg, North Carolina, who have been sent to respond to several Middle East hijackings in recent years but have not engaged an adversary.

The Pentagon does not acknowledge publicly the existence of Delta Force or its aerial counterpart, though their existence has become an open secret.

Calling themselves "Night Stalkers" and using "Death waits in the dark" as a motto, Task Force 160 pilots practice flying low on the darkest nights.

Their flight training has proved highly risky, but Admiral William J. Crowe Jr., chairman of the Joint Chiefs of Staff, favored adding their night capability to the U.S. Gulf fleet, sources said. He also requested mine-detection capability, they said.

Last week, Pentagon officials said, Admiral Crowe moved from one ship to another in the Gulf explaining the rules of engagement if a U.S. helicopter or ship spotted an Iranian vessel laying mines. His message, one official said,

was to engage an adversary.

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Britain To Close Iran Office

It Cites Attacks In Gulf, Urges Arms Embargo

Compiled by Our Staff From Dispatches
UNITED NATIONS, New York — Britain announced Wednesday that it would close Iran's military procurement office in London. The foreign secretary, Sir Geoffrey Howe, called Monday's attack on a British-flagged tanker "the last straw."

Sir Geoffrey, in a speech prepared for delivery to the United Nations General Assembly, also called for an arms embargo against Iran because of its attacks on ships in the Gulf and its refusal to accept a cease-fire in its war with Iraq.

In Monday's attack on the British tanker, the Gentle Breeze, one crewman was killed and a fire was started.

Last Monday, U.S. helicopter gunships attacked an Iranian military ship, the Iran Ajr, in the Gulf. U.S. officials said it had been laying mines.

In London, a Foreign Office spokesman said that 30 to 50 staff members of the arms procurement office had been given until Oct. 8 to leave Britain. Some employees are personnel from Iran's army, navy and air force.

The spokesman said that about 250 people in all were employed by the procurement office, which was set up in 1981 to fuel Iran's war effort against Iraq and obtain spare parts for its arsenal. The office has operated under the umbrella of the National Iranian Oil Company.

The Iranian charge d'affaires, Mohammad Akhondzadeh Basti, was called to the Foreign Office and told of the decision.

Meantime, shipping executives in the Gulf region said that U.S. Navy warships and a reflagged tanker left Kuwait on Wednesday on a trip through the Gulf, despite Iranian threats to attack the American attack on the Iran Ajr.

An 'Angry' Biden Quits U.S. Presidential Race

The Associated Press
WASHINGTON — Senator Joseph R. Biden Jr. withdrew Wednesday from the race for the 1988 Democratic presidential nomination, saying the "exaggerated shadow" of his mistakes had begun "to obscure the essence of my candidacy."

"I do it with incredible reluctance, and it makes me angry," he said. "I'm angry at myself for having put myself in the position of having to make a choice."

The Delaware Democrat made his announcement after damaging disclosures that he committed plagiarism during law school and exaggerated his academic accomplishments on a campaign stop.

Mr. Biden, 44, became the second Democratic candidate to quit the presidential race, months before the first primaries, over issues of personal integrity. Gary Hart, then the front-runner, withdrew after questions were raised about his relationship with Donna Rice, an actress and model from Miami.

Mr. Biden's campaign has been struggling for more than a week to recover from a string of disclosures that he has used the words of other politicians in his speeches without attribution, that he plagiarized during law school and that he exaggerated his academic achievements.

4 Types of U.S. Navy Missiles Said to Have Defects

By R. Jeffrey Smith
Washington Post Service
WASHINGTON — Four of the U.S. Navy's most modern missiles, including several deployed with U.S. forces in the Gulf, potentially suffer from manufacturing defects that can cause them to fail in combat, a draft report of the General Accounting Office has concluded.

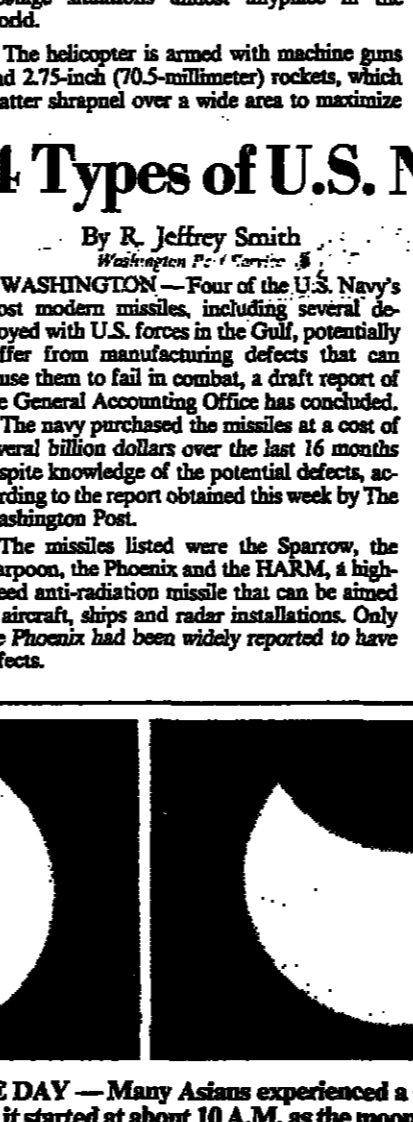
The navy purchased the missiles at a cost of several billion dollars over the last 16 months despite knowledge of the potential defects, according to the report obtained this week by The Washington Post.

The missiles listed were the Sparrow, the Harpoon, the Phoenix and the HARM, a high-speed anti-radiation missile that can be aimed at aircraft, ships and radar installations. Only the Phoenix had been widely reported to have defects.

The navy sometimes ignored problems or waived requirements for the missiles, the report said. Instead of demanding repairs, the navy obtained better warranties. In one instance, it bought hundreds of useless, partly completed missiles and put them into storage because a key part was defective and needed reworking.

Although the report does not refer to naval operations in the Gulf, Sparrows failed twice when they were fired by F-14 jet fighters at what was believed to be an Iranian plane over the Strait of Hormuz on Aug. 10.

THE MOON STEALS THE DAY



THE MOON STEALS THE DAY — Many Asians experienced a spectacular eclipse on Wednesday. On Okinawa, it started at about 10 A.M. as the moon's shadow began to slide across the sun. At 10:30 it was moving gradually toward the center, a half-hour later it had left only a bright wedge and, at 11:25, it created a perfect golden ring.

Missing Baggage: A Tale Told 15 Million Times

By Barry James
International Herald Tribune
PARIS — This year, the world's airlines are expected to carry a billion passengers, each of whom will have an average of 1.5 pieces of check-in baggage. Up to 1 percent of that baggage, or about 15 million bags, will fail to make it to the same place at the same time as the passenger, and millions more travelers will have experienced frustrating delays in airport claims areas.

"Of all the complaints we get," said David Kyd, information director for the International Air Transport Association in Geneva, "those concerning baggage are top of the list."

The reason bags fail to make connecting flights or take ages to reach the baggage carousel, according to Mr. Kyd and other industry spokesmen, is that air travel has increased by 30 percent in the last three years without a corresponding increase in airport facilities.

Airport congestion "is the main future problem in civil aviation, no doubt about it," Mr. Kyd said in a telephone interview. "Traffic is building up by 10 to 15 percent a year, and facilities are not keeping pace. No new airports have been built in the United States since 1974, and in Europe only one is planned, at Munich. So when the peaks build up, everything gets clogged."

A survey of 30,000 travelers due to be made public Thursday by the International Foundation of Airline Passengers Associations, a Geneva-based consumer group, said speed was the feature that most people looked for in assessing an airport.

U.S. Prices Rise 0.5% On Higher Energy Costs

By Anne Swardson
Washington Post Service
WASHINGTON — Inflation in the United States took an unexpected leap in August as higher energy prices and housing costs pushed the Consumer Price Index up 0.5 percent, the Bureau of Labor Statistics reported Wednesday.

It was the largest increase in the price index since January's 0.7 percent rise, also caused mainly by higher energy prices, and followed a 0.2 percent July increase. Over the past eight months, the rate of inflation has been 5.1 percent, on an annual basis. In 1986, consumer prices rose 1.1 percent.

The government said higher energy and shelter costs caused about two-thirds of the August rise.

Economists said the inflation increase should not be interpreted as a significant trend because it represents just one month's figures. However, several said prices were likely to accelerate faster in 1987 than they did last year.

"We are back on the track of 4 to 4.5 percent annual inflation," said Jerry Pegden, vice president and economist for Salomon Brothers in New York.

Sperm Technique Helps Parents Choose Child's Sex

By Walter Sullivan
New York Times Service
NEW YORK — Scientists at Keio University in Tokyo have developed a new technique of sperm selection that they believe will enable parents to select the sex of their child with a high rate of success, especially when a girl is sought.

The Japanese technique, developed by Dr. Rihachi Izuka, differs from the most widely used method, developed by Dr. Ronald J. Ericsson of Las Vegas, Nevada. In the laboratory, Dr. Izuka said, the method can separate sperm into layers, one 95 percent female and one 85 percent male.

Dr. Izuka has reported success in all six attempts so far to produce girls.

When reports of Dr. Izuka's procedure were published in Japan last year, they unleashed a furor. Opponents argued that the sex of children should be determined by fate, rather than by parental whim. The university's ethics committee reportedly was dismayed that the technique had been put to use without its approval.

Art and the Dreyfus Affair: Foran's cartoon of a lawyer kicking a military cap is part of a New York exhibition. Page 18.

GENERAL NEWS
 ■ Daniel Ortega's truce plan was criticized by a U.S. official and a contra leader. Page 6.
 ■ Scores by blacks on college admissions tests are rising steadily in the U.S. Page 6.
 BUSINESS/FINANCE
 ■ New orders for durable goods in the U.S. fell 3.1 percent in August. Page 9.

U.S. and Poland Select Ambassadors for First Exchange in 4 Years

By Elaine Sciolino
New York Times Service

WASHINGTON — After a four-year absence, the United States and Poland have agreed to restore ambassadors to each other's capitals, according to diplomats and U.S. State Department officials.

President Ronald Reagan has chosen John Davis, a career diplomat who is the chargé d'affaires in Warsaw, to be the U.S. ambassador to Poland. The president is expected to notify Poland of his decision during the visit of Vice President George Bush this weekend.

Poland formally informed the State Department on Tuesday that it was naming Jan Kisielewski, a deputy minister for foreign affairs, as its ambassador to Washington, according to State Department and diplomatic sources. The process requires the consent of the administration, which is expected to be granted.

A senior State Department official announced that Poland had requested the process late Tuesday at a briefing on Mr. Bush's trip to Europe, which begins Thursday. The official, who spoke on the condition that he not be identified, said that Mr. Bush would likely make comments related to the diplomatic exchange during a four-day stay in Poland beginning Saturday.

Diplomats said that the formal submission of names had taken place after U.S. officials indicated that Mr. Bush would request the exchange process for a U.S. ambassador during his visit.

Mr. Bush's visit will represent the most senior U.S. presence in Poland since a trip by President Jimmy Carter in 1977.

U.S. officials said the vice president's trip would represent a tangible indication of improved U.S.-Polish relations. Mr. Bush is expected to make a five-minute speech on Polish national television and to sign an agreement calling

for improved scientific and technological cooperation, U.S. officials said.

In addition, he is to discuss Poland's troubled economy and make recommendations on how it can gain financial credit and other assistance from international lending agencies like the International Monetary Fund, the officials said.

Marital law was declared in Poland in December 1981, but the United States did not scale down its representation to the level of chargé d'affaires until early 1983, when it removed Ambassador Frank Mesham, as part of a normal rotation. Poland would not agree to receive the new U.S. nominee unless certain political conditions were met, and the United States decided to leave the post open.

Poland's embassy in Washington has not had an ambassador since Romuald Spasowski defected when martial law was declared.

In addition to a meeting and official state dinner with the Polish leader, General Wojciech Jaruzelski, Mr. Bush will meet privately with Lech Walasa and other leaders of the banned Solidarity trade union at the residence of the U.S. chargé d'affaires, Mr. Bush also is to meet with leaders of the Roman Catholic Church in Poland.

Solidarity Talks Assailed

A Polish government spokesman said Tuesday that Mr. Bush's scheduled meeting with Solidarity leaders would do nothing to improve Polish-U.S. relations, United Press International reported from Warsaw.

"These meetings, loudly advertised by Western media, do not serve the goals of coexistence," the spokesman, Jerzy Urban, said at a news conference.

He said that Solidarity leaders "are being financed with foreign money" and "agree with American authorities." Thus, Mr. Urban said, Mr. Bush will be meeting his "clients."



Peter Jennings, center, moderating a television debate between U.S. and Soviet legislators broadcast live in both countries.

Ads Irk Soviets During Live U.S. TV Link

Compiled by Our Staff From Dispatches

MOSCOW — "I feel," said Marshal Sergei F. Akhromeyev, "like an actor who has to repeat his lines." He was clearly displeased.

"Here we go again," sighed Leonid Zolotarevsky, a Moscow television commentator. "It's another commercial break."

The two-hour program on Wednesday at the Moscow end of the first live television discussion between deputies of the Supreme Soviet, the principal legislative body in the Soviet Union, and U.S. congressmen in Washington.

The two-hour program, seen simultaneously in both countries, was aimed at increasing understanding between the two powers, according to its initiators. But on both sides the discussion went little beyond a re-statement of known positions.

The program, "Capital to Capital," was broadcast via satellite by the Soviet State Committee for Television and Radio and a U.S. network, ABC. It was broadcast at 7:30 A.M. Wednesday in Moscow and 11:30 P.M. Tuesday in Washington.

The Soviet participants seemed unprepared

for the frequent advertising breaks, one of which interrupted Marshal Akhromeyev, chief of the Soviet General Staff.

"I would appreciate it if you would let me know next time I am to be interrupted," the marshal snapped at Mr. Zolotarevsky, who moderated the program at the Moscow end.

A fair amount of the sparring occurred between the co-anchors, Peter Jennings of ABC and Mr. Zolotarevsky, as they tried to steer the discussion in sometimes different directions and around a series of U.S. commercial breaks.

Early in the program, Mr. Jennings explained to Soviet viewers: "And now we're going to do something that those of you in the Soviet Union may not be accustomed to — we're going to let some of our sponsors try to convince us to buy their products."

Joining Marshal Akhromeyev on the Soviet panel were Lev N. Tolkunov, chairman of one of the two chambers of the Supreme Soviet; Georgi M. Korniyenko, a senior Communist Party official; and Yevgeni P. Velikhov, vice-president of the Academy of Sciences.

In Washington were Senator Sam Nunn, Democrat of Georgia and chairman of the

Senate Armed Services Committee; Representative Les Aspin, Democrat of Wisconsin and chairman of the House Armed Services Committee; and Representative Trent Lott of Mississippi, leader of the Republican minority in Congress.

There was a sharp exchange when Mr. Korniyenko cited a recent U.S. poll in which 44 percent of those questioned said they believed the Soviet Union had fought on the side of Nazi Germany in World War II.

"This sort of ignorance is what brings mistrust," said Mr. Korniyenko.

"I know a number of people who have a close knowledge of the Soviet Union who don't trust you entirely either," Mr. Aspin retorted.

When Mr. Nunn argued that Soviet conventional forces in Europe should be scaled back, Mr. Akhromeyev dismissed as "a legend" Western assertions that the East Bloc has an advantage in nonnuclear weaponry.

But panel members and the studio audiences in both capitals applauded when Representative Claude Pepper, Democrat of Florida, called for an end to confrontation and "a return to common sense."

(Reuters, AP)

WORLD BRIEFS

India Sends More Troops to Sri Lanka

MADRAS, India (Reuters) — India has sent a 1,200-strong paramilitary force to Sri Lanka to back up its 8,000 troops who are enforcing a peace agreement on the island, official sources said Wednesday.

The sources said the paramilitary force was shifted from this city in southern India to the Northern and Eastern provinces of Sri Lanka on Monday and Tuesday and that an additional 1,200 paramilitary troops were expected to be flown there later.

The new troops were sent at Sri Lanka's request to help maintain law and order in the two provinces, where at least 6,000 people were killed in a four-year rebellion by Tamil separatists. The peace agreement, signed seven weeks ago, has been violated repeatedly by militant Tamil guerrillas.

Burger Says Bork Is Not 'Extremist'

WASHINGTON (AP) — Former Chief Justice Warren E. Burger, in an unusual Senate appearance on behalf of a Supreme Court nominee, said Wednesday, "If Judge Bork is not in the mainstream then neither am I."

Mr. Burger repeatedly told the Senate Judiciary Committee at hearings on the nomination of Judge Robert H. Bork that the judge is not an extremist. "It would astonish me to think he's an extremist any more than I'm an extremist," he said.

Mr. Burger said he had never seen a confirmation hearing "with more hype and more disinformation." He said initially he had not thought it would be necessary to testify on behalf of Judge Bork because the nominee was so well qualified. But the former chief justice added that "when the opposition mounted, I sent a message that I would be available."

5,000 Protest Noriega in Panama City

PANAMA CITY (Reuters) — Almost 5,000 protesters, dancing and chanting anti-government slogans, marched through the capital to demonstrate against the military leader, General Antonio Noriega.

The marches danced Tuesday to chants of "Justice for Justice" while drivers in cars following the procession honked their horns in unison.

Panama has been hit by almost daily protests since June, when a dissident colonel accused General Noriega of political murder, vote rigging and other crimes. The general has denied the charges.

Meanwhile, a spokesman for one of Panama's two independent television channels said the government had re-imposed censorship on its coverage of local news, accusing it of broadcasting misinformation. A spokesman for Canal Four said the station would resume transmitting only international news. The channel began reporting local news Monday and Tuesday for the first time since July.

OAU Meets on Chad-Libya Conflict

LUSAKA, Zambia (Reuters) — Five African presidents met Wednesday in Zambia to try to find a lasting solution to the conflict between Chad and Libya, but the Libyan leader, Colonel Muammar Gadhafi, did not attend.

President Hissène Habré of Chad, however, attended the special Organization of African Unity meeting called by President Kenneth Kaunda of Zambia, who is OAU chairman. Also present were the presidents of Gabon, Mozambique and Senegal.

Western diplomats said Colonel Gadhafi's absence made success doubtful for the latest peacemaking efforts of the organization, which negotiated a cease-fire that has been in effect since Sept. 11. The Libyan news agency JANA said Colonel Gadhafi would be represented by Foreign Minister Jeddallah Azouq al-Tahli. Zambian officials said the Libyan delegation was headed by an ambassador.

For the Record

Sudan has ordered at least 16 relief agencies to leave the country within two weeks, relief officials in Nairobi said. In July, Khartoum said it would close more than 20 relief organizations, charging that they have been cooperating with the rebel Sudanese People's Liberation Army. (AP)

A British doctor was blamed Wednesday for failing to diagnose cervical cancer in 911 smear tests in Liverpool. The health authority said it could find no explanation why the pathologist, Dr. Kathleen Lodge, 66, had failed to detect the signs of cancer. She has now retired. (Reuters)

UNESCO's Executive Council opened its autumn session in Paris on Wednesday with an agenda headed by the choice of a successor to the departing director, Anadon Mahtar M'bow. (AFP)

Governor James R. Thompson completed Illinois' effort to become the first American state to enact sweeping laws to combat AIDS, signing bills Monday requiring tests from groups of diverse sex offenders and couples wishing to marry. (AP)

TRAVEL UPDATE

Brussels Controllers Suspend Strikes

BRUSSELS (AP) — Air traffic controllers at the Brussels airport suspended their daily warning strikes Wednesday. But air traffic in and out of the Belgian capital will remain disrupted as navigators of Belgium's national carrier, Sabena, announced a strike for Thursday.

The controllers halted their intermittent two-hour strikes that have disrupted traffic since Monday after management agreed to new talks on better working conditions, an airport spokesman said.

A Soviet Tupolev Tu-154 airliner with 161 passengers on board had to return to a Moscow airport Monday when its landing gear on one side failed to retract after takeoff, the Soviet daily Trud reported Tuesday. No one was injured. (AFP)

The Thai Communications Ministry is planning to install radar equipment at Phuket airport following an air crash there in August that killed 83 people, officials said Tuesday. (AFP)

A hurricane known as Emily hit the southern Dominican Republic Wednesday with 110 mph (180 kph) winds, killing two children and injuring two other people. Hurricane warnings remained in effect for the southeast and central Bahamas and the Turks and Caicos islands.

A New Book 'by Gorbachev' Lacks That Personal Touch

By Edwin McDowell
New York Times Service

NEW YORK — At first glance, the proposal sounded irresistible: a book about world affairs written by the architect of glasnost, Mikhail S. Gorbachev.

A closer examination, however, showed that the book being offered to American publishers was actually what one publisher called a "cut and paste" job of Mr. Gorbachev's speeches and writings. The book was put together by two Austrian journalists, who have apparently

never met the Soviet leader, much less interviewed him.

A German-language edition of the book is to be officially presented at a Soviet Embassy reception in Vienna on Sept. 30. But it is still undecided whether the Kremlin, which has approved the compilation, will allow Mr. Gorbachev's name on the title page.

Scott Meredith, the literary agent who is handling the book in the United States, said he had been told by the Austrian publisher and by the Austrian government that the book was genuine. But in the

face of denials of Mr. Gorbachev's direct involvement, he said, "We'll obviously have to reconsider whether to pull out or not."

Oleg P. Benyukh, spokesman at the Soviet Embassy in Washington, said Tuesday: "This is not a book by Gorbachev or a book of interviews with Gorbachev. The Austrian journalists have never met with him, as far as I know. It's a compilation of excerpts from speeches, plus questions they invented 'later on.'"

The German-language edition is to be published in Austria by Verlag

Orac. Leonid Petrov, a spokesman in Soviet embassy there, said Tuesday that the book had been approved by the Kremlin after his embassy had passed it along. A spokesman for Verlag Orac acknowledged that the authors had not specifically asked questions of Mr. Gorbachev but had instead written out questions themselves and placed them ahead of relevant statements abstracted from speeches and other public material of the Soviet leader.

Mr. Meredith expressed surprise that the book was not as he had

outlined it to publishers. Both the Austrian publisher and the Austrian government, he said Tuesday, "have told us repeatedly this is exclusive, it's what Gorbachev wants."

In his letter to the publishers on Sept. 14, which was accompanied by 104 pages of manuscript in German as well as a summary and an English translation of a few pages, Mr. Meredith described the work as "an extremely important book: project by an unusual new client: Mikhail Gorbachev."

In the letter and in conversation,

Mr. Meredith said the project had come by way of the Austrian government, which had become involved because the two Austrian writers "got Gorbachev's agreement for a series of interviews."

These went well, the letter said, and "Gorbachev decided to write a book based on his responses and combined with some of his previous public and private statements."

Publishers were told the book would "carry Mr. Gorbachev's by-line alone, with a credit inside to the two journalists, Herbert Steiner and Maria Sporer, who, the letter said, got the project started with their interviews, and are working with Gorbachev in putting the final manuscript together."

Publishers were asked to respond by Sept. 23, and the manuscript was received on Oct. 31.

Several collections of Gorbachev speeches and position papers are in print in English, including three from Richardson & Steirman, a small publisher.

Although the first two volumes are largely collections of position papers, according to Stewart Richardson, a partner in the company, the most recent volume, "Toward a Better World," published last spring, contains a chapter written especially by Mr. Gorbachev.

"Richardson knows Gorbachev personally," Mr. Benyukh of the Soviet Embassy said. "His books are the only authorized Gorbachev books in English."

Get a taste of Mom's pumpkin pie. Call home. You can just see her, testing the crust with her fork, as if every pie she's ever made hasn't been perfect. Tell her this one will be great, too. Go ahead. Reach out and touch someone.®



French Channel Dismisses Fiery Star

By Julian Nundy
International Herald Tribune

PARIS — Michel Polac, a provocative television talk-show host, has been dismissed by France's recently privatized TFI channel for his public irreverence toward his employer and officialdom.

He became the latest victim of a tradition of dismissing journalists because of their views—a tradition that had been considered the preserve of the state broadcasting sector, which still operates two channels.

Mr. Polac was told Tuesday that he was being fired because of his last two programs, in which the National Commission for Communications and Liberties was criticized and the new head of TFI, Francis Bouygues, was caricatured, TFI said. The commission oversees broadcasting in France.

It has been common for three decades for French television stations to remove journalists for their political views, especially following national elections. In the past, this was blamed on the fact that all the channels were state-owned.

A consortium led by Mr. Bouygues was awarded control of TFI in April. The denationalization followed the awarding of licenses to two other privately owned stations, La Cinq and M6.

Mr. Polac's removal as host of "Droit de Réponse" or "Right of Reply," a popular show on Saturday evenings, prompted many protests, but some observers said they thought he brought action on himself.

His program was known for exposing corruption in business and politics.

Mr. Polac has often been attacked for being partial, particularly by critics on the right.

The broadcasting commission had complained in a letter to Mr. Bouygues that Mr. Polac, in a Sept. 12 show, had cast doubt on the integrity of its members.

On the show, a lawyer for a radio station that has started a lawsuit against the commission accused some of its members, whom he did not name, of corruption.

During the program, Dominique Jamet, a journalist from the newspaper Le Quotidien de Paris, warned Mr. Polac that the allegations were "extremely vague and extremely serious."

TFI said Mr. Polac had acknowledged that he had "gone beyond the admissible limits" and had promised to apologize at the start of his next show but did not do so.

The TFI statement added that in the next program he insulted Mr. Bouygues in a cartoon drawn during the show. It showed Mr. Bouygues using a scatological term to pour scorn on his station.

"It is inadmissible that a producer like Michel Polac, paid 100,000 francs (\$16,600) a month, allows himself to criticize and seriously insult the company which employs him on the air," the statement said.

The show dealt with the building of a bridge to the Ile de Ré, an island off France's west coast, by a construction firm owned by Mr. Bouygues.

The broadcasting commission was set up after parliamentary elections brought a conservative coalition, led by Prime Minister Jacques Chirac, to power in March 1986.

On Monday, President François Mitterrand said in the weekly Le Point that the commission had not done enough to preserve culture on the air and "nothing to inspire the sentiment known as respect."

Philippe Tesson, the editor of Le Quotidien de Paris, said: "I am not going to cry over Polac. He took his risks."

But the head of programming of M6, Jean Stock, described Mr. Polac as "a monument."

Mr. Jamet, a frequent guest on the show, said that if Mr. Polac's program "was simultaneously the best and the worst, it was at least a piece of freedom."

U.S. Jet Shoots Down One of Its Own

The Associated Press

NAPLES — A U.S. Air Force reconnaissance plane was shot down by a U.S. Navy aircraft during naval exercises in the western Mediterranean, a U.S. Sixth Fleet spokesman said Wednesday.

No one was hurt in the accident on Tuesday during exercises conducted around the Mediterranean

by the allied forces of southern Europe, according to the spokesman Lieutenant David Munn.

He said a Navy F-14 jet fighter fired a missile that struck the Air Force RF-4C plane, causing it to crash, but that the two crew members in the reconnaissance plane safely ejected and were picked up at sea by the U.S. carrier Saratoga.

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AT SHERATON I

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AT SHERATON I



AT SHERATON LITTLE THINGS MEAN A LOT • AT SHERATON LITTLE THINGS MEAN A LOT • AT SHERATON LITTLE THINGS MEAN A LOT



THE MEAL WAS FINE. THEN THE SAUCE ARRIVED.

Nothing wrong with the sauce, you understand.

In fact, as part of a banquet to celebrate a conference of chefs at the Gothenburg Sheraton, more than the usual care and attention had gone into its preparation.

The problem was that the guest (like most guests in our experience) preferred the sauce served onto his plate. Rather than onto his lapel. (A subtle sauce can look very unsubtle adorning a white dinner jacket.)

Fortunately, the maître d' was a man who looks at such accidents and sees only opportunities.

Helping the guest remove his jacket, he offered his own as immediate, temporary



replacement. At the same time whisking the sauce-stained garment off to be dry-cleaned.

And before the coffee was finished, the jacket, freshly cleaned and pressed, was returned to our guest.

At Sheraton, we have a phrase coined to sum up our idea of service. 'Little things mean a lot.'

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of the Gothenburg maître d' to sustain it.

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Controllers Suspend Strike
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INTERNATIONAL Herald Tribune

Seeking a Gulf Peace

Iran Hangs Back

A quiet and urgent effort is alive at the United Nations to produce a cease-fire and settlement in the seven-year-old Iran-Iraq war.

The military incident in the Gulf Monday night produced a great swell of anger on Tuesday from Iran's president, Ali Khamenei.

President Reagan, speaking on Monday, had challenged President Khamenei to state "clearly and unequivocally" whether Iran accepts the UN appeal.

The United Nations resolution offers Iran as well as Iraq great benefit. Of special potential value to Tehran is the unusual provision, one drafted with its requirements in mind, creating a commission to examine how the war began.

A Hard-Line Speech

It was Iran's turn to speak on Tuesday before the green marble at the United Nations, and the world waited with unusual anticipation.

The Japanese Example

Two years ago, when the dollar was sky high, autoworkers' earnings in Japan were two-fifths the American level.

In return, the union has offered a new flexibility in work rules. It will be some time before the effect of this part of the agreement becomes clear.

world heard was a truculent, hard-line speech by President Ali Khamenei rejecting as a "pack of lies" the reports of unexploded mines are now in Bahrain.

The time is ripe for its Gulf policy in order. There are now signs of operational improvements.

Having clarified the policy, the administration needs now to make it explicit, notifying Congress as provided by the War Powers Act.

Washington is trying to build a coalition at the Security Council, which has already unanimously approved a resolution calling for a cease-fire in the Gulf war on pain of incurring an arms embargo.

Iran has agreed to a cease-fire, a crucial matter on which Mr. Khamenei was arrogantly evasive.

The machinery exists, in Washington and in the United Nations, to shorten this war—if the world will only use it.

Other Comment

For Coordination in the Gulf

In political, moral and perhaps legal terms the U.S. Navy's action is well justified.

A Contradictory Soviet Line

Mikhail Gorbachev's latest proposals to achieve world peace through enhancing the role of the United Nations are surprising in the extent to which they contradict the basic realities of the United Nations and of Soviet policy itself.

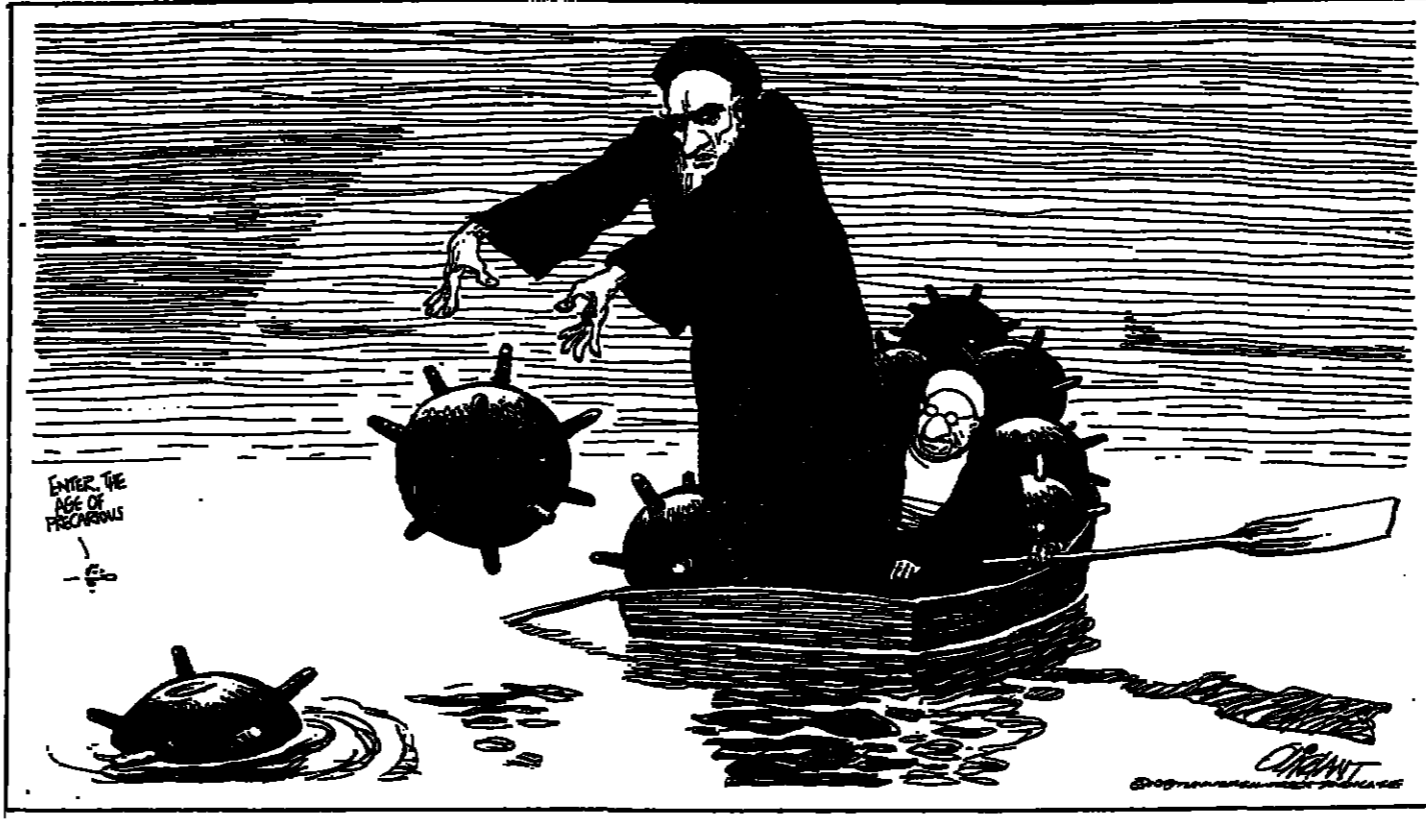
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OPINION



Middle East: The Power Cards Have Been Re-Dealt

By William Pfaff

BARCELONA — Slowly, ever so slowly, the United States moves toward an acknowledgment that Syria and the Soviet Union now have to be dealt with in any Middle Eastern settlement.

A weekend's intense discussion with Israelis and Arabs at a conference of the International Institute for Strategic Studies — an occasion for professionals to talk frankly across national and ideological barriers — left one with both a conviction of change and a sense, however slight, of opportunity.

Syria is in Lebanon today because of its belief that Syrian security is at stake. Since 1975, when civil war began in Lebanon, Syrian policy has not been aggressive or revisionist toward Lebanon but conservative, intended to prevent partition or the establishment of any power hostile to Syria.

economies remained closely linked, and formal diplomatic relations, as between wholly separate nations, were never established between Beirut and Damascus.

Many Israelis are prepared to admit this, too. Israel had dramatic and revisionist policy aims in 1981 when it invaded Lebanon to expel the Palestine Liberation Organization and put the Christian Phalangist Party into power as its client.

Realists in Israel now say that if Israel cannot pacify Lebanon, someone must, even if it is Syria. In effect, they say to the Syrians: Welcome to Lebanon; much good may it do you. Leave us our security zone; keep your distance from our frontier.

But can Syria pacify Lebanon? The prudent answer is that if the Syrians cannot do it, no one can, but that the job probably is beyond the capacity even of the Syrians.

administration, once in office, shifted U.S. policy to one of virtually unqualified support for Israel.

When Mikhail Gorbachev came to power, Moscow muted its support for radical Middle Eastern forces and cultivated influence among the other Arabs, whose confidence in America had faded.

Moscow is returning in strength to Middle Eastern diplomacy because Washington is no longer a credible mediator among the region's contending parties.

selfes seem to be a shrinking minority. The New York Times Book Review recently carried a fascinating account of how Lee Lacocca's bestselling book was proposed, designed and manufactured for him by publishers and a ghostwriter.

Similarly, political oratory has become more than a tedious process of passing shopworn phrases from mouth to mouth, like a sort of communal toothbrush.

For Democrats, the prototype is a dim and distorted memory of John Kennedy. For most of his tragically abbreviated political career, he was an endearingly awful speaker.

Biden apologists note that even Ronald Reagan has occasionally lifted a line or two without attribution, including FDR's line about a "rendevous with destiny."

department in the Central Committee. In my time as a correspondent, no one got near that powerful institution. This time I called Mr. Stishin directly. He received us in his office late one afternoon dressed in a natty army sweater, speaking good English.

Organizers of the book fair clearly wanted credit for the political diversity of exhibitors and books being shown. Yet a Committee of Experts still seized more than 50 titles and kept 20 despite protest all around.

no doubt that the Democratic candidate for the Presidency is achieving great popularity and winning solid support. His managers feared at first that the Governor would not be general enough, as he has been known as the "icicle," but he has captivated large audiences by his friendly attitude.

Official propaganda can still be forgiven. On sale in the Foreign Ministry book stall was a volume published by the Judicial Press in 100,000 copies, "Murder in Jonestown: Crime of the CIA." It argued that the Guyana tragedy in 1978, when followers of the Reverend Jim Jones took cyanide, was the work of U.S. intelligence.

International Herald Tribune. © Los Angeles Times Syndicate.

When the Words Are Stale, They're Just Words

By Edwin M. Yoder Jr.

WASHINGTON — The unmasking of Joe Biden as a rhetorical kleptomaniac somewhat diminishes his claims as an American Demagogue.

Senator Biden has only occasionally credited orators such as Nell Kinnock, leader of the British Labor Party, and the late Robert Kennedy and Hubert Humphrey for winged words he has borrowed from them.

And that gets us a bit closer to a useful point. The Biden plagiarism affair might serve a cleansing purpose in politics if Mr. Biden's habit were seen as the latest manifestation of a deepening rot in public discourse.

Mr. Biden has fished. "It's a counterfeit of emotion," Mr. Walinsky says. "The person who just grabs somebody else's thoughts that way isn't going through the emotion to produce them."

Biden apologists note that even Ronald Reagan has occasionally lifted a line or two without attribution, including FDR's line about a "rendevous with destiny."

Public figures who still write for themselves seem to be a shrinking minority. The New York Times Book Review recently carried a fascinating account of how Lee Lacocca's bestselling book was proposed, designed and manufactured for him by publishers and a ghostwriter.

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public folklore that every politically literate hearer immediately recognizes the allusion. That cannot be said of Mr. Biden's unconfessed borrowings.

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The Season Of Decision At UNESCO

By Dragoljub Najman

The writer, a Yugoslav, is a former assistant director-general of UNESCO. He left the organization after conflicts with the current director-general.

PARIS — The current session of UNESCO's executive board is without a doubt the most important in the agency's 41-year history.

To understand what is happening in the only United Nations agency from which two founding members, the United States and Britain, have withdrawn, one must start with its origins.

The first was that its areas of responsibility were intrinsically areas of ideological confrontation. All UN agencies are political, and to talk about the "politicization" of this or that agency is not enlightening.

Second, UNESCO was put in charge of organizing intergovernmental cooperation in areas in which governments often have nothing or very little to say.

Third, UNESCO was virtually the only agency not created to take charge of a big well-defined international system.

UNESCO, on the other hand, was put in charge of areas — education, science, culture — that do not represent discrete systems at the international level.

These three characteristics have made UNESCO the most vulnerable of all international organizations.

If it does not want to destroy the organization, the executive board must emphatically reject the idea of a third mandate for Mr. M'Bow.

The executive board should propose a candidate of unchallengeable integrity whose commitment to international cooperation, the free circulation of information and the defense of human rights would bring back the United States and Britain.

Such a person — no matter where he or she came from — would easily be elected in November by the general conference and turn the page on a tragic period in the life of UNESCO.

Moscow Book Fair: A New Mood Amid Old Worries

By Peter Onos

NEW YORK — There is a woeful, derisive Russian slang expression, pokoznitsa, which means "for show," as in the empty gestures used by Soviet officials in the past to deceive foreigners.

The answer is that important and exciting changes appear to be taking place, at least in the sensitive areas of cultural ideology and public relations.

There is no question either but that the message put forth by senior officials — the party line — is much more relaxed than before.

Organizers of the book fair clearly wanted credit for the political diversity of exhibitors and books being shown. Yet a Committee of Experts still seized more than 50 titles and kept 20 despite protest all around.

one book taken was a Russian translation of "Gorky Park," the American best seller of a few years back in which the hero is a Moscow detective.

Reading newspapers and watching the news on television, I was struck by how much remains tendentious, defensive and as clearly ideological as ever.

Official propaganda can still be forgiven. On sale in the Foreign Ministry book stall was a volume published by the Judicial Press in 100,000 copies, "Murder in Jonestown: Crime of the CIA."

The Soviet intellectual class seems willing to be co-opted — after all, what is the alternative? — and it is much more pliable than the military, agricultural and industrial sectors of society.

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IN OUR PAGES, 75 AND 50 YEARS AGO

1912: Support for Wilson NEW YORK — Telegrams from the Middle West, where Governor Woodrow Wilson is daily addressing crowded meetings, state that there is no doubt that the Democratic candidate for the Presidency is achieving great popularity and winning solid support.

1937: Horror in Canton CANTON — Three thousand Chinese non-combatant men, women and children were killed here early this morning (Sept. 23) by Japanese warplanes which broke through the Chinese defenses in murderous relays and dropped scores of incendiary and explosive bombs.

The Thaw Looks Clever and Reversible

AMERICAN publishers who met with Soviet writers and editors during the book fair were struck by the pleas for help in supporting glasnost and perestroika, or restructuring.

Official propaganda can still be forgiven. On sale in the Foreign Ministry book stall was a volume published by the Judicial Press in 100,000 copies, "Murder in Jonestown: Crime of the CIA."

Children

OPINION

If Casey Knew, Then Reagan Must Have

By William Safire

WASHINGTON—My two favorite old-time radio programs were "Inner Sanctum" and "I Love a Mystery." The question that titillates political mystery lovers today goes to the creaking door of the late William J. Casey in the Iran-contra plot.

Few doubt that Mr. Casey, America's most daring spy-master, was the driving force in persuading the president to trade arms to Iran for the ransom of hostages, a group that included the CIA's tortured station chief in Beirut. Nor do many doubt that Mr. Casey, impatient with the law-abiding bureaucracy at the CIA, decided to circumvent most of his own agency and run the clandestine arms-for-hostages operation through a couple of apparatuses at the National Security Council named John Poindexter and Oliver North.

Mystery lovers ask: Did Mr. Casey know about the diversion of arms profits from the Iran deal to the Contras in Nicaragua? If he did not, the diversion would merely be a bonafide mistake of two actions by amateurs. But if Mr. Casey did know, and had adopted the "best idea" as a way of finessing obstructions in Congress, then responsibility might be tracked on up to the top.

Did Mr. Casey know? Admiral Poindexter's testimony suggests not — but that disinformation specialist is an admitted destroyer of presidential findings, and it is evident that his intention is to stop the blame from going higher than himself. Colonel North says yes — but because that acknowledged liar needs all the high-level prior approval he can get, it serves his interest to implicate the deceased director of central intelligence in what a grand jury may deem to be "lawbreaking." So the Ammanplot adventures cancel each other out.

Mr. Casey's favorite operatives in Spookville, who were assigned by him to guide and translate for Colonel North, would have us believe that their departed boss was innocent of any knowledge of the diversion; but the wide circle of Casey admirers cannot conceive of so perceptive and wide-ranging a mind not knowing of such a central part of his fideist operation. Mr. Casey's friends split between those who do not want him remembered as a knave and those who refuse to let him appear the fool.

You might think that Attorney General Ed Meese would know; he had hurried over to see Mr. Casey alone after the diversion memo (possibly planted in the files by Colonel North to establish higher responsibility) had been discovered by the Justice Department. The memory of America's chief law enforcement officer

is extraordinarily fuzzy, but afterward he came before the cameras to say that in the U.S. government, only Colonel North and Admiral Poindexter — implicitly, not Mr. Casey — knew.

That seemed fishy to me at the time. A few weeks later — on the day before a cancerous tumor caused Mr. Casey's brain seizure — I solicited a call from my longtime friend, who had been displaying uncharacteristic testiness for the past year. The sudden appearance in the arms dealings of Roy Furmark, a former client of Mr. Casey's and mine in years gone by, struck me as evidence of Mr. Casey's early and deep involvement in the entire Iran-contra operation.

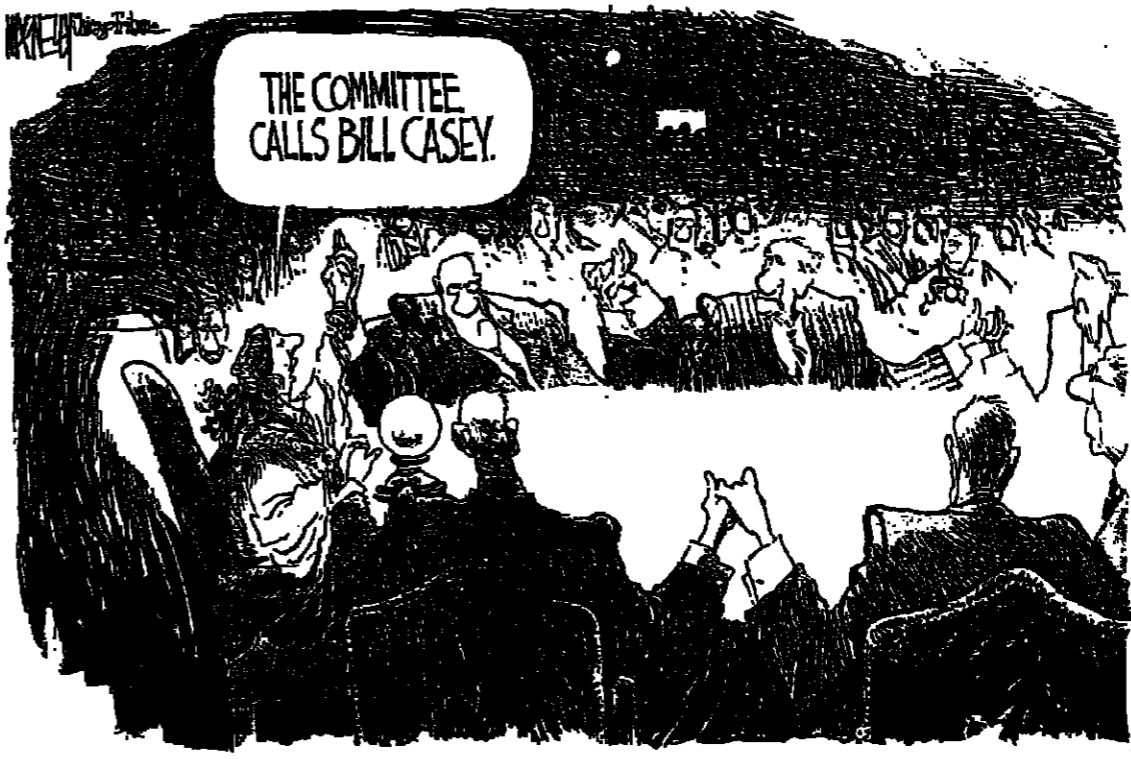
Mr. Casey called from his Long Island home three times that Sunday to assure me that the CIA had nothing to do with the fund diversion, that this was really an Israeli operation, that Colonel North was on his own, and that Mr. Furmark had revealed the diversion only a month before. He insisted that the truth was being told by the middlemen Adnan

Khashoggi and Manucher Ghorbanifar. But the desperate-sounding Casey protested too much; I'm sure he was trying to sell a bill of goods. In my judgment, he knew of the diversion from the start and Colonel North was his agent.

If I'm right about that, it follows that Admiral Poindexter would have known that Mr. Casey knew. The admiral would also have logically assumed that the president would have known about the illegal diversion — at least in gruffly mumbled terms — from his political confidant and strategic adviser, Mr. Casey. That would explain why Admiral Poindexter, a naval order-follower known for the copiousness of his notes, approved Colonel North's illicit operations long before written findings were prepared.

The admiral is now doing what he considers the honorable thing by claiming that the buck ended at the national security adviser's desk, thereby protecting Mr. Casey even in death. Why? Because that keeps the likelihood of guilty knowledge of lawbreaking out of the Oval Office.

Creaking doors are greased with pardon hopes; not all beloved mysteries are solved. The New York Times.



Like Digging Out of a Well

By Joe Murray

LUFKIN, Texas — A friend of mine Lufkin has been attending a wellness program for a couple of months. He's so healthy he says he wishes he were dead. "They won't let me eat red meat." "For how long?" I asked. "Forever," he grumbled. "That long, huh?" He didn't say exactly what they allow

MEANWHILE

him to eat. The general rule, he says, is if it tastes good, spit it out.

"They won't let me drink milk, either." "Forever?"

"And a day," he said, moaning low.

"Fact of the matter is," he continued, "almost everything is forever. You even have to jog forever."

"But wellness is, well, good for you, isn't it? Like they say: No pain, no gain."

"That's what they say," he said. "What I say is, no pain, no gain. And then he told me about a person in the program whose knees hurt so bad when she jogged that she finally had to go to her regular doctor for help."

"My knees hurt so bad when I jog, I don't know what to do," she told him. "Don't jog," the doctor told her.

Ah, the miracle of modern medical science never ceases to amaze!

As for my friend, he's having serious doubts about really wanting to live well, especially since he has found out that it is no guarantee of being well.

To hear him tell it, wellness is like trying to dig yourself out of a well, and getting to China takes forever.

"The problem is, you don't live forever," he said. "What you're doing is building up your cardiovascular system, which is O.K., I guess, as far as it goes. But the end result is that you die of cancer instead of a heart attack."

He said he wasn't kidding, and I believe him. Nobody kids about cancer. But some people plan for it.

He said part of the program even includes a seminar on how to know when you are dying of cancer.

He skipped that meeting. He said he didn't want to know.

"The screwy thing is, I can't drink milk but I'm allowed two quarts of white by a month. That's the equivalent of two shots a day, which they say is O.K."

But it's not O.K. by him. He doesn't drink. He's afraid that if he finds that out, they'll force it down him. "They're awfully strict about their rules," he said.

I know what I would do. I'd save up those drinks. I don't think he would have any trouble finding somebody to swap him a pretty good steak for a couple quarts of whiskey. That way he would at least have something besides dying that he could look forward to.

Cox News Service.

LETTERS TO THE EDITOR

Sharansky Refuses to Recognize the Change in Russia

Regarding Nathan Sharansky's opinion column "We Must Keep Asking Gorbachev Hard Questions" (Sept. 15), it must be stated, with great sorrow but also with ever vital haste and faith, that Mr. Sharansky does not know the West very well (whatever he conceives "the West" to be). Form over substance is the norm in much of the media, so he should not have been surprised that complex topics of interest to him were not immediately addressed in the news-magazine he mentions.

2. To compare the post-Stalin years with the post-Chernenko period is invalid. Mr. Sharansky would not have survived the 1948-1953 "anti-cosmopolitan" campaign, but he did survive his nine years in prison under Leonid Brezhnev. One can understand Mr. Sharansky's bitterness, but his obdurate refusal to recognize the realities of change in Russia is disappointing.

3. Glasnost must work both ways — as it does in "the West." Nazi-like racist groups have always existed in Russia, as in the West. Exposing the diseases of racism and narrow nationalism to the light of day may, in conditions of relative prosperity, serve to reduce the infection. At least that is the theory in the West. We may hope for at least as much in a Russia that still has anti-racist legislation somewhere in its legal codes.

4. One wonders whether Mr. Sharansky has read the Soviet press since he left Russia. One finds in it almost daily exposures of police brutality and illegality; exposures of abuse of power by local party rulers; re-examinations of Soviet history. (For example, see "To

the Living and the Dead," a discussion in the Aug. 21 Izvestia of the fate of Russian prisoners of war upon their return to Stalin's control.)

5. What is "the Communist system" whose limitations Mr. Sharansky cites as precluding improvements in Russia? "Stalinist system," yes. Its limitations are under constant discussion in the Soviet press. Thus a process of evolution is under way in Russia. The results over the next 20 years are unpredictable, but we should hope for the best — for rising standards of living, for greater freedom of discussion of all topics, and, yes, for freedom for the practice of any religion.

JOE LEWIN, Geneva.

A Statistic Among Others

In the editorial "Keep the Pressure On" (Sept. 14), The Washington Post advocates a position that if adopted could lead to skewed U.S. policy-making regarding human rights issues in the Soviet Union. The Post argued that the extent of Jewish emigration from the Soviet Union is a "fair" test of glasnost, thereby relegating to secondary status the millions of non-Russians who unfortunately have no refuge outside the U.S.S.R. The term "non-Russians" is used lest it be forgotten that the Slavic nations now part of the U.S.S.R. were once liberated by czarist, Leninist or Stalinist Russia in much the same way as Afghanistan is liberated today.

Neglect of certain segments of society by the media is not new. In the 1930s,

Walter Duranty of The New York Times wrote that stories of the artificial famine used to exterminate Ukrainians were highly exaggerated. A short time later, the beginnings of the Holocaust were ignored. In light of such history, the media have an obligation to be even-handed and critically perceptive.

Evidence of continuing Khrushchevian programs, persecution of dissidents of all faiths and a tradition of putting the Russian stamp on all East European history are also "fair" indicators for testing of glasnost. It is dangerous to suggest that any one statistic ought to be preferred in the making of policy.

GEORGE BARAN, Paris.

Another Social Engineer

In response to the editorial "A Mission of Peace" (Sept. 15):

Having watched Ayatollah Ruhollah Khomeini's Islamic Republic for more than eight years, how can world policy makers still believe that the Iranian regime can eventually come to understand peaceful coexistence, reason and cooperation? Have we not yet truly grasped the ethos of the Islamic Republic? How can a government that is prepared to sacrifice the lives of hundreds of thousands of its people for the continuation of a savage war, all for a mere condemnation of Iraq as the aggressor by the world community, be expected to bring peace to the region?

Do world policy makers need to witness further acts of aggression and expansionism by Iran in order to finally see the commonality between its leader

and the great social engineers of our time: Hitler, Stalin, Pol Pot, Mussolini, Mao? What will it take for the world to recognize that history is repeating itself?

A. KASHANI, London.

A Small Bandage for Angola

The editorial "African Famine, Again" (Sept. 16) speaks of "Moscow's billions in aid" to Angola going to guns, and casts the United States as the "principal provider of humanitarian food aid to Angola." These are remarkable statements.

Angola has received very little Soviet aid. It pays for its military equipment, to a substantial extent, in cash; the rest is loans which form a significant portion of its foreign debt. It needs those arms in large part because Angola has had South African invaders on its soil virtually from the day of its independence in 1975.

In addition, the UNITA rebels turned in the mid-1970s from collaboration with the Portugal of Antonio Salazar and Marcello Caetano to become a South African proxy force complete with arms, logistical support, technical officers and mercenary brigades. The United States has chosen to become South Africa's indirect military ally in support of UNITA. The reported U.S. support for these South African agents exceeds its humanitarian contribution to the relief of Angolans hungry or starving primarily as a result of rebel terrorism. The United States is in any event by no means the largest provider of food aid to Angola; past levels of about 12,000 tons a year have in fact been very small.

To present Angola as a recipient of massive Soviet aid or as a net beneficiary of official U.S. funds depiction is misleading. Angola is the victim of direct and indirect South African aggression — aggression that the United States has chosen to support via aid to UNITA followed by a small bandage of food aid to cover a small part of the gaping wounds it has collaborated in tearing in the fabric of Angolan society.

REGINALD HERBOLD GREEN, Lewes, England.

Why the Titanic Fuss?

The publicity given to the retrieval of artifacts and memorabilia from the Titanic strikes me as misdirected sentiment. Surely, had the technology existed then, attempts would have been made to at least explore the wreck as soon as possible after the disaster. This was after all thought to be an unsinkable ship. The need to know why and how it went down could have been of great service to shipbuilders and future passengers.

The United States, within a few weeks of the Challenger tragedy, had retrieved much of both the shuttle and the remains of the crew. Was this wrong? Should Americans have refused to try to find the bodies of the crew, thereby ignoring the chance of finding out what went wrong so as to correct it?

To refuse to allow museums to buy or display items brought up from the ocean floor is imbecilic. Most museums exist for such purposes and have such things, representing history — dug up from tombs, galleons and so forth.

RALPH A. SCHRITTENTHAL, Kobe, Japan.

The UNICEF Solution to Save Thousands of Babies Daily.



One of the most important single factors responsible for the death of five million children a year is not drought or famine. It's dehydration caused by diarrhoea.

Until recently, the only known treatment for dehydration was an expensive intravenous drip — available only to the fortunate few in the developing world who live near a hospital or clinic. But now there is a solution that works almost instantly, costs almost nothing and is available to nearly every family. It is a ten-cent sachet of Oral Rehydration Salts; a simple mixture of salt and sugar that, when combined with water, quickly replaces the vital fluids drained by diarrhoea. Today this miraculous

solution saves the lives of over 1,300 children in the developing world — daily. And a lot more could be saved.



This type of primary health care is only one example of Unicef's commitment to the well-being of children in the developing world. In co-operation with local government partners, Unicef provides not only emergency relief, but material support, primary health care and education programmes, which promote long-range community self-help. That is why Unicef gives children not just a food parcel for the day, but a survival kit for many years.

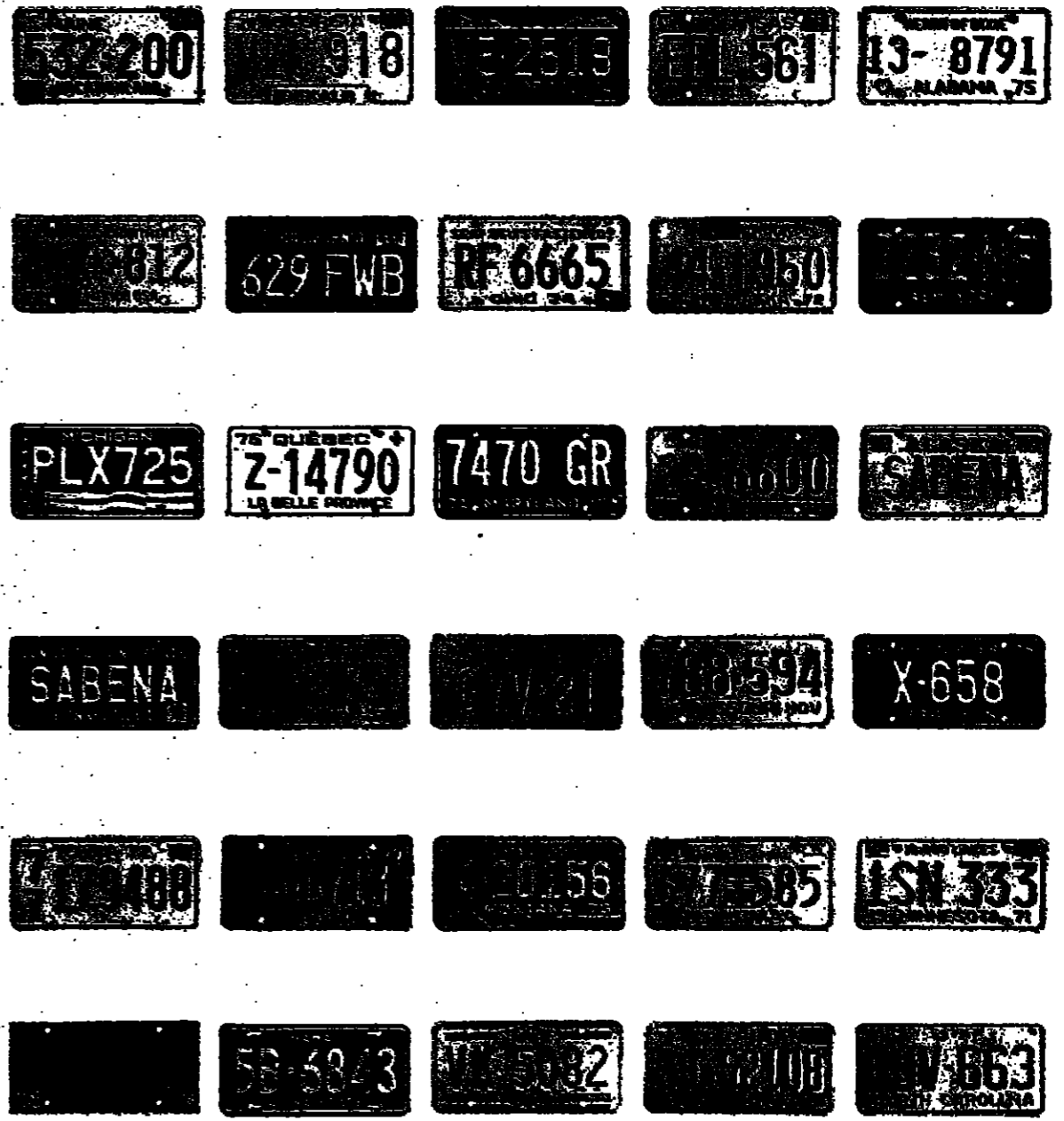
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Kohl Says Soviet Remains a Threat Despite Arms Pact

HANNOVER, West Germany — Chancellor Helmut Kohl said Wednesday that West Germany could not be content with a superpower pact on medium-range nuclear missiles because the Soviet Union still posed a serious military threat. Mr. Kohl, speaking at a civil servants union meeting in Hannover, said that Moscow had a 3-1 advantage over NATO in conventional forces, a 10-1 lead in chemical weapons, crushing superiority in short-range nuclear weapons and 10,000 long-range nuclear warheads that could be aimed at West Germany. "All our satisfaction aside," he said, "we cannot rest content with what has been achieved in Geneva in the area of intermediate-range missiles. This agreement is a significant step in the right direction. But we need further progress in disarmament."

Suez Canal Raises Rates on Warships

PORT SAID, Egypt — Egypt's Suez Canal Authority will impose a 30 percent surcharge on warships heading almost daily from the Mediterranean to the Gulf, officials said Wednesday. They confirmed a report in the Cairo newspaper Al-Ahram that naval vessels would have to pay the surcharge but said it was not known when the levy would start. Three Italian minesweepers and a salvage vessel that passed through the canal on Wednesday to join a naval flotilla in the Gulf were not asked to pay, officials said. Warships normally pay the same as commercial vessels. Tolls are levied according to the size of a ship.

REBELS: Filipino Army Stymied

(Continued from Page 1) track because they operate in small groups of three to six. The opportunity for decisive counter-guerrilla action occurs only on rare occasions when the rebels concentrate their forces for an ambush or an attack on a military garrison. While the Communist rebels on Mindanao are seen as more dangerous over the long run, combat-seasoned Filipino officers say that the fervor of the Moslem insurgents makes them the more formidable fighters when they do attack. Moslem attacks last month at the towns of Sibuco on the Zamboanga Peninsula and Maluso on the island of Basilan were described by marines who took part in the fighting as suicidal. "They attacked us with no plan, no chance of success and little hope of survival," a marine said of the attack on the Maluso garrison. The deputy commander of the region, Brigadier General Angel Sadang, said 38 battalions of about 400 men each, plus supporting artillery, aviation and logistic units, were assigned to the Southern Command to maintain security in the Mindanao area, which has both Christian and Moslem populations. Two of these battalions were moved to Manila after the coup

LOST: 15 Million Times a Year, the Bags Are Missing

(Continued from Page 1) stressed, particularly those with a limited number of loading bays. The International Air Transport Association operates a global search system called Bagtrack to find luggage that is loaded onto the wrong plane or that fails to make it into connecting flights. Mr. Kyd said the system was successful in tracing about 90 percent of wayward bags within 24 hours. But each year, hundreds of thousands of suitcases are orphaned for good, lost in airport deposits and sometimes stolen. "Always put an identification tag outside your bag — that's mandatory," Mr. Kyd said. "If you don't want to put your home address, put that of the hotel where you will be staying. Make sure your name and full address are inside the bag as well. Never put valuables, medicines or important papers in checked-in baggage. And don't travel with expensive suitcases — they only attract attention." Airlines and airport authorities are studying a variety of methods to automate and speed baggage handling. "We are looking into all sorts of technologies, such as magnetic strips and bar codes," Mr. Kyd said. "Some airlines like ours, some the other. There is no agreement yet." Mr. Gordon of the airport operators council said big increases in automation were around the corner, partly because of the expansion in the industry and partly because of new rules drawn up by the International Civil Aviation Authority in Montreal that require ev-

U.S. Forced to Evacuate Its Embassy in Canberra

CANBERRA, Australia — Noxious fumes spread through the U.S. Embassy here Wednesday when batteries powering an electric generator malfunctioned, and 14 people were hospitalized, briefly, an embassy spokesman said. Richard Tetre, deputy head of the embassy mission, denied early reports that there was a fire at the building. "A couple of batteries took on too much charge and began expelling too much fumes," he said.

Sooner Than Expected, Ethiopia Is Again Gripped by Drought

By Blaine Harden Washington Post Service

MAKALE, Ethiopia — Gebre Miriam Ehiwot had done what good Ethiopian farmers are supposed to do. When the rains came in May, he planted corn. When the rains failed in July and his corn died, he plowed it under and tried again. He planted tef, a short-season grain. But again the rain, after sputtering for 22 days in August, failed. "From now onward, there is nothing to be harvested," Mr. Gebre, 46, said last week. He stood in a field of tef, which by mid-September should be knee-high and flowering. Instead, the spindly crop was three inches high. "It is hopeless," Mr. Gebre said. "God wants to punish us. God is angry." Mr. Gebre's fields are in the highlands of Tigré, the heart of Ethiopia's famine region. Records dating back to 1890 show that every 8 to 10 years, there is drought and famine in these rocky highlands. Tigré's farmers like Mr. Gebre expect it. "What they do not expect, what they ascribe to divine retribution, is that widespread drought should strike just three years after the drought of 1984, which is believed to have been the worst of the century." About 1.4 million people in Tigré were destitute then. More than 120,000 of them died on the regional capital, Makale. Starving, diseased and oddly passive, they died at a rate of more than 100 a day as they waited for someone to feed them. "The drought situation is more or less the same as it was in 1984," said Brother Caesar Bullo, who now, as then, coordinates emergency operations in Tigré

for the Roman Catholic Secretariat. "The difference is that this year there is a famine-relief structure. There is a food distribution system, and there is time. "If we can get food and send it outside to the farms, we can avoid the creation of the shelters where so many people died." Tigré and Eritrea, the two northernmost regions of Ethiopia, are again the hardest hit parts of this country as drought has forced the government to appeal for nearly a million tons of food aid. A survey in August by a team from the U.S. Agency for International Development reported a total crop failure in Eritrea and a 75 percent crop failure in Tigré. The regions have a combined population of about 5.1 million people. Most people in Eritrea and Tigré are thought to be in a predicament akin to that of Mr. Gebre. He has little food left in his house from last year's good harvest. His wife and four children are not yet hungry or sick. But he said that unless they could get food, they soon would be. The food emergency in Ethiopia, which may require as much outside food aid and transportation equipment as the huge famine relief operation in 1984-85, does not yet have the emotional hook of severely malnourished people. "If you don't have some pictures of starving children, I don't know how the public will respond," said Jean-Jacques Fressard, chief delegate in Ethiopia for the International Committee of the Red Cross. "There may be a problem of getting food this time." The United Nations' World Food Program said that "dramatically increased" food aid needs in Tigré would start in November and continue until November 1988. The U.S. Embassy in Addis Ababa has sent an

emergency request to Washington for 115,000 tons of food to be delivered around the first of the year. The European Community and the World Food Program are preparing a similar request for 85,000 tons of food. "Until that food arrives, donors say they will try to divert to the north all food aid en route to Ethiopia. Those stocks are expected to be exhausted by January." "It is most important that stocks be moved as soon as the increased needs manifest themselves," a World Food Program report said. "Otherwise, people will move toward towns as in 1984-85, and shelters will be established with consequent water, sanitation and health problems." It is believed that a large proportion of the one million deaths in Ethiopia in the last famine occurred in famine shelters, which were breeding grounds for infectious disease. In Tigré, the prevention of famine is complicated by civil war. Most of Tigré outside the regional capital is controlled by rebels of the Tigré Peoples' Liberation Front. In the 1984-85 famine, relief officials repeatedly accused the government of indifference to starvation in the rebel-held areas. The government in Addis Ababa, about 300 miles south of Makale, made almost no effort to transport food to Makale until a television crew arrived in the fall of 1984 and shot footage of starving children. The pictures touched off worldwide interest in Ethiopia and led to a billion-dollar relief effort. "Even after the government appealed for large-scale assistance, relief workers complained that officials in Addis Ababa were reluctant to assemble military convoys to escort food into Tigré.

Expected delays in overland delivery of food to Tigré this year have already prompted the International Committee of the Red Cross to prepare to resume emergency airlifts to Makale. The airlift was used extensively in 1984-85. The abrupt end of the August rains after 22 days came after a July drought. The drought was widespread throughout Tigré and Eritrea, and it was total, without a day of rain. Like almost all farmers in Ethiopia, farmers in Tigré are dependent from year to year on rain. They use little fertilizer or improved seed. Even after a very good harvest, like the 1986 harvest, most farmers store no more than a year's supply of food. "For us the limiting factor is the rain," said Habtu Twolde, regional director of the government relief commission. "If there is no rain, there is nothing." The July drought started a panic over food prices. The price of grain and fruit doubled in the Makale market as farmers began to hoard. The price of meat dropped by half as farmers began to sell livestock that they feared they would be unable to feed. The drought catches Tigré in the midst of building small dams in gullies that are supposed to help ease the effect of the next famine — the one expected in about eight years, not the one now. Although the drought has limited the amount of water there is to catch, the dams are likely to help more people and livestock survive in 1988 than in 1984-85. The dams were built under food-for-work plans, in which farmers are paid about seven pounds of grain for a day's work. The program has been used with success across Ethiopia in the last three years as a way of feeding destitute people without fostering dependence on handouts.

India Police Detain 20 in Sikh Temple

AMRITSAR, India — About 1,000 security personnel Wednesday entered offices and hostels surrounding the Golden Temple, Sikhism's holiest shrine, detaining 20 militants in the fourth raid since the army assault on the shrine in June 1984. The police in the Sikh holy city of Amritsar, 250 miles (400 kilometers) northwest of New Delhi, said security forces surrounded the complex at 4:30 A.M. before going in through several entrances. They said about 1,000 policemen and paramilitary personnel, including senior officers and magistrates, met no resistance during the two-and-a-half-hour operation to arrest Sikh extremist leaders who had reportedly gathered for a festival. The police said the militant All India Sikh Students Federation planned to pay tribute Wednesday to more than 600 Sikhs who died during the army assault on the shrine in June 1984 to flush out heavily armed separatists. Since that assault, a combination of retaliatory assassinations of Prime Minister Indira Gandhi five months later by two Sikh security men, there have been two other major raids on the complex, in April 1986 and June 25.

Democrats Seeking to Limit U.S. Presence in Gulf

WASHINGTON — Democratic leaders in the Senate have announced that they are drafting legislation that would place significant limits on the U.S. military presence in the Gulf. Senator Robert C. Byrd of West Virginia, the majority leader, said Tuesday night that the new measure was not yet in its final form. But a spokesman for the Democratic leadership said the bill, if enacted, would probably set up a mechanism under which Congress would review early next year the Reagan administration's policy of having navy vessels escort oil tankers in the Gulf. [President Ronald Reagan said that "I think Congress would be making a great mistake in putting any limit of that kind on." The Associated Press reported.]

GULF: Britain to Close Iranian Procurement Office, Citing Attacks in Gulf

(Continued from Page 1) Iranian ship had planted before it was seized," said one of the shipping executives. The sources said they had been advised that the U.S. Navy planned to keep the Iran Ajr in international waters until a decision was reached on whether to return it to Iran. A navy frigate, the Jarrett, was towing the Iran Ajr toward Bahrain on Tuesday when it fired warning shots in the direction of an approaching Iranian hovercraft. The sources said the Iran Ajr's 26 surviving crewmen were being held as "detainees" and would be handed over to the Red Crescent, the Islamic equivalent of the Red Cross, in the southern Gulf state of Oman. The timing of the transfer has not been settled, according to the sources, but will coincide with a visit to the region later this week by Mr. Weinberger. Iraq announced that its planes bombed a cement factory, a sugar factory and a power plant in western Iran on Wednesday. Tehran's official press agency, IRNA, confirmed the raids but said that some of the targets were residential ar-

Democracy's Measure is Likely to be Offered as an Amendment to the Military Authorization Bill

importance," he said, without elaboration. The shipping executives, speaking on condition of anonymity, said the U.S. Navy had taken eight mines from the channel in the central Gulf where the Iran Ajr was riddled by gunfire. Tehran radio said five Iranians were killed in Monday's attack. Pentagon officials said three Iranians had died and two were missing. The United States said its attack on the Iran Ajr had been defensive, because the vessel was mining international waters. Speaking to the UN General Assembly on Tuesday, Mr. Khamenei denied that the ship was planting mines and pledged that "the U.S. shall receive a proper response for this abominable act." Pentagon sources disclosed that U.S. military forces had shadowed the Iran Ajr for days after it was sent taking on "suspect devices" in an Iranian port. Mr. Weinberger was preparing to leave on his five-day trip to the Gulf region, where he will consult with officials in Saudi Arabia, Bahrain and Egypt and visit U.S. ships. Mr. Weinberger said that the "evidence is all before the world" to prove that Iran was sowing mines in the Gulf, and he expressed hope that it would help persuade the United Nations to impose sanctions against Tehran. (AP, Reuters)

FORCE: Elite Unit Attacked Ship

(Continued from Page 1) was that laying a mine was a hostile act that permitted return fire. Sources said Admiral Crowe delivered this message to Rear Admiral Harold J. Bensen, commander of the Middle East Force, during a visit aboard the LaSalle, the U.S. flagship in the Gulf, and to other top officers dining visits to the William H. Standley, a guided-missile cruiser, and the Raleigh, an amphibious transport. The rules of engagement were so clear on the right to fire, one official said, that commanders in the Gulf did not seek clearance from the Joint Chiefs of Staff. Washington superior before Monday's aerial attack against the Iranian ship. The helicopter crew got approval from Admiral Bensen, officials said, before opening fire. Helicopter pilots also practice making quick, disabling attacks on passenger aircraft being held on the ground by hijackers.


DEFECTS: U.S. Missile Problems

(Continued from Page 1) relax the soldering specifications, wiping out the findings for all but a few of the defects in the \$303,000 missiles, the GAO report said. This decision provoked protests among personnel at the Defense Logistics Agency and the Naval Weapons Center in China Lake, California, because of "the message the revisions may send to the contractor concerning inspection and overall quality control," according to the GAO report. The General Accounting Office also said the Federal Bureau of Investigation was checking reports that a HARM subcontractor, the Genisco Technology Corp., had falsified test data on the component that activates the missile's "target seeking device." It said as many as 1,300 missiles already purchased were affected, although preliminary tests indicated the problem was not serious. Potentially more serious defects have been identified in the Harpoon, an \$854,000 missile fired at ships from aircraft, submarines and surface vessels, the GAO report said. In particular, it said a "soldering problem in a critical component, the altimeter, could lead to missile reliability problems." On the Phoenix, the report suggested the navy had botched its management of the \$922,000 missile, now being produced by the Hughes Aircraft Corp. and stored in a warehouse in Tucson, Arizona. None of the missiles can be deployed until defects are corrected in the component that arms and ignites the missile.

Le Pen Visit to Britain Is Postponed

LONDON — A planned visit to Britain by Jean-Marie Le Pen, a leader of the extreme right in France, has been postponed, his host said Wednesday. Sir Alfred Sherman, a former adviser to Prime Minister Margaret Thatcher, had asked the National Front leader to speak at a meeting in Blackpool next month at the same time as the Conservative Party's annual conference. Sir Alfred said the postponement was due to media hysteria. Mr. Le Pen stirred a controversy last week when he said the extermination of Jews in Nazi gas chambers was only an historic detail.

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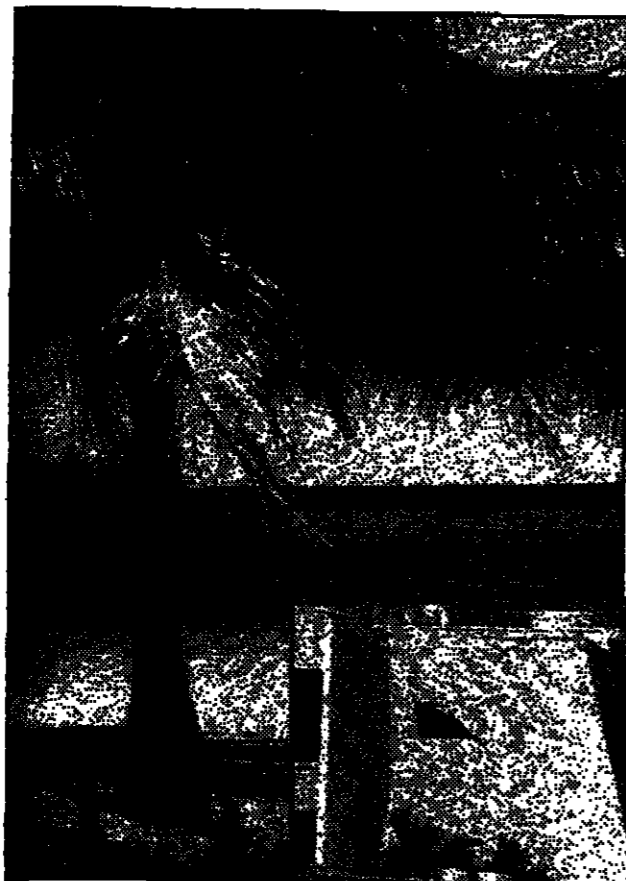
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CAYMAN has been re-discovered. As the trend towards the globalization of banking and finance steams ahead, Cayman's offshore banking industry has become something of a New World for financial markets. And with the signing by the United Kingdom, the United States and the Cayman Islands of the Mutual Legal Assistance Treaty in July 1986, Cayman has emerged as a major international financial center.

As recently as last year the Caymanian banking community faced a degree of uncertainty concerning the effects of the treaty, which stipulated the mandatory sharing of information in cases of mutually recognized crimes. Covering the strictest confidentiality legislation of any country in the world, Caymanian bankers feared a diminution of investor confidence.

Quite the opposite occurred. The rise in the number of new bank registrations, and a 16.5 percent growth in foreign assets over the previous 12 months not only allayed those fears but stimulated a new sense of freedom in creating long-term products and creative services.

"It became clear to us that the international banking community was relieved and reassured by the new treaty," said Thomas Jefferson, who as Financial Secretary is one of three cabinet members appointed by the Caymanian governor. "There is nothing that banks regard more highly than their reputations. This has opened the doors for us to a larger world of banking services."

In fact, 20 of the world's 25 largest banks, including each of the top six, are now registered in the Cayman Islands.

The top three Japanese banks have registered this year.

According to the financial secretary's August quarterly report, assets of Cayman-managed banks have surpassed the \$200 billion mark. Of the 505 banks registered at the time the report was issued, over 60 are licensed as full-service offshore banks. The rest, the so-called "managed banks," act through agents.

Cited as the largest offshore banking center in the world by Forbes Magazine in a May 1987 issue, Cayman is also one of the most diverse and innovative.

In the Bahamas, the second largest offshore financial center, there are only 377 registered banks with assets totaling about \$150 billion. And in Luxembourg, a rapidly growing financial center, there are only 32 recognized banks and financial institutions with assets totaling 8,000 billion Luxembourg francs (\$214.6 billion).

"The Caymans can now claim a banking role traditionally held by Switzerland — a role that demands legal, accounting, investment and actuarial expertise along with state-of-the-art banking technology," said Eric Crutchley, the president of the Banker's Association and manager of Barclays Bank.

Among the reasons for the current upsurge are the difficulties encountered by banks in other jurisdictions. In particular, the recent insolvency

(Continued on Page IV)

A major international tax planning conference will be held in Grand Cayman November 4-6, 1987. The conference will present the whole spectrum of the financial industry in the Cayman Islands to an audience of tax, legal and other professional consultants and corporate representatives from Europe, the Far East, Latin

America and United States. "The conference will give a broad view of tax planning and the advantages of the Cayman Islands in everything from tax-effective investing in U.S. real estate, the managed bank concept, captive insurance, and much more," said Eric Crutchley, managing director of Barclays Bank (Cayman) and president of the

Tax Conference Covers Crucial Issues

Cayman Islands Bankers' Association, sponsors of the conference. The Cayman Islands will be discussed as the complete safe haven for asset protection and as an ideal base for trust and company administration. The conference will explore such

topics as: the Modern Cayman Company Law, the "Managed Bank" concept, the use of Cayman as a base for mutual funds and unit trusts, and captive insurance. The conference will suggest ways for people from civil-law countries to set up

trusts. With a seminar on "Forced Heirship and the Cayman Solution," which is also pertinent to civil-law jurisdictions, the conference will explain the significance of the new 1987 Trusts (Foreign Elements) Law. "The new law makes our conference particu-

larly relevant to people from civil-law jurisdictions in Europe or wherever," said Peter Tomlins, chairman of the conference organizing committee. "This is particularly true for tax experts and also high net-worth individual investors from Latin America

where not only is there no trust law but there are also foreign exchange controls and economic difficulties." Chairing the conference will be J. Milton Grundy, an English barrister and president of the International Tax Planning Association. Other speakers include Cayman Islands Governor Alan James Scott and Thomas Jefferson,

Financial Secretary. Anthony Duckworth, an attorney who inspired the new law, and Humberto Pacheco, a senior law partner in Costa Rica, will discuss the new law from the perspective of civil law countries. Peter Crook, Inspector of Banks, and Peter Bates, Superintendent of Insurance, will also lead discussion groups.

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The Key to Offshore Success



Financial Secretary
Thomas Jefferson

ymous with those of the private sector; we all wish to see the financial sector develop so that it will provide a good standard of living, education and health for the people of the Cayman Islands. The government and private sector, through various committees which I chair, work very closely together to achieve this end. Of course our business concern is to realize profit. Therefore, on the government side we developed a five-year plan along with the Inspector of Banks. This is due to expire in 1990, so we are updating it.

GIVEN the nature of business in Cayman, it is not surprising that the most central figure would be that of Financial Secretary. No single position is more instrumental in seeing that all the varied parts of this complex financial industry fit together into a single whole. Thomas Jefferson, who has held this key post for the past five years, talks about the job and its responsibilities.

Will you explain the importance of the position of Financial Secretary to Cayman?

Because the Inspector of Banks and Trusts, the Superintendent of Insurance and the Registrar of Companies all report to him, the Financial Secretary takes ultimate responsibility for all aspects of Cayman's financial industry. He is the spokesman to the government for the financial community, and sometimes vice versa. The Financial Secretary is a member of the economic council, which consists of the governor, four elected members and three officials — myself, the Attorney General and Administrative Secretary.

How do your goals and objectives, and those of the government in general, relate to Cayman's role as an offshore financial center?

Our aims are mainly synon-

already here, holding "A" licences, or unrestricted "B" licences, are establishing their own offices here, in order to do portfolio management and trading, etc. I think that this will account for a lot of growth in the next five years.

On the insurance side, I think the field is wide open. While some countries have treaties, establishing themselves as insurance centers (like Barbados and hopefully Bermuda), Cayman's business does not depend on a treaty and we have grown to be the second largest offshore captive insurance center in the world.

Although I am more familiar with the insurance crisis in the United States, I understand that the crunch is growing in the U.K. in particular and elsewhere as well.

The whole insurance business is risky, and I think the worldwide inability to buy insurance will be with us for a long time. But the positive aspects of Cayman — our political stability, our links with the U.K., our financial support industry of accountants, lawyers, underwriting management companies — continue to make us attractive, and we will stay that way, for years to come.

The fiscal position of the government is extremely sound, with a \$90 million budget and debts of only \$9 million — requiring a debt service of only 3 cents on the dollar. That is an extraordinary achievement, particularly considering all the construction and development going on in Cayman today. How do you explain it?

In the world of finance, I believe that you have to use all of your skills and techniques to ensure that people do not spend more money than they can afford and this should apply to government too. A country earns only a certain amount per year, and you have to prioritize the number of projects and ensure that a certain number are revenue earners.

In 1987 the Caymans became the largest offshore financial center. Do you now foresee continued growth or consolidation?

I think a period of consolidation took place in 1984 and 1985 when the world's economy was not in the best shape. It gave us a chance to look at our weaknesses and strengths and to formulate the directions in which we wished to go. Now, since the latter half of 1985, we have had an upsurge in growth, and I think that is likely to continue. Like any country, we have cycles and we are affected by what happens in the United States and the U.K. and elsewhere.

Do you then believe there will be continued growth in the financial sector?

Yes, because I think the world of finance is continuously getting smaller. Of course when you have 500 banks you ask yourself how many more are out there to attract? But we continue to receive inquiries and some areas that have not heavily turned to offshore centers may now start to do so.

At the same time I think that more use of the banks which are already here is likely to take place. That will mean increased volumes of work, an increase in the number of transactions flowing through Cayman. Some of the banks

"When you have 500 banks you ask yourself how many more are out there to attract? But we continue to receive inquiries and some areas that have not heavily turned to offshore centers may now start to do so."

wanting to preserve what we all like so much about living in the Caymans.

It is the environmental aspect, the traditions and ease of life that we are a little concerned about.

The move we made in 1984 to sign the "Narco" treaty which the U.K. signed on our behalf with the United States really said to people, "If you are dealing with drugs, do not come to Cayman." Nobody wants that unsavory money and we are telling those involved with it that they cannot hide behind our confidentiality laws which is a valuable and legitimate protection for respectable business.

The Mutual Legal Assistance Treaty has been a major development over the past year. Will you explain the ramifications of the treaty?

In the 1984 treaty we undertake to assist the U.S. on the investigation and prosecution of a wider range of cases of common criminality including such offenses as insider trading and fraudulent practices.

The new treaty makes it clear that our financial center is not interested in that kind of business. We have come a long way since the 1960s when we had almost nothing here.

I understand that the "assistance notices" — requests for information in criminal cases — have diminished to almost zero. Is that accurate?

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Regulations Minus the Red Tape

WHAT is the purpose of an Inspector of Banks in a place without taxation or foreign exchange controls, where confidentiality is protected by law and freedom from restriction is the hallmark of a successful financial services industry?

The answer is simple. The regulatory role is one of the most important factors in the success of Cayman as an offshore financial center. The Inspector of Banks is loaned temporarily to Cayman through the International Monetary Fund with the objective of developing Cayman as a major banking center with standards as high as any other center in the world.

There are also, as always, administrative problems to consider. Cayman has about 505 banks but, of these, only 64 have an actual physical presence. The remainder operate outside the island, where the majority are branches or subsidiaries of major banks.

It is noticeable that those coming to Cayman are the major international banks. It is not impossible for small private banks, but it is not as

developed a momentum which seems to be almost self-perpetuating.

Some 35 banks have come to Cayman over the past year.



Peter Crook, the Inspector of Banks

Others were lost, mainly due to consolidation or mergers; none left because of dissatisfaction. On the contrary, the more Cayman tightens up the regulatory system, the more the big banks come.

The Inspector of Banks is there to protect depositors, and to make sure that all the banks that come into the Cayman Islands are prudent. At

"Together with its very stable government, Cayman has developed a momentum which seems to be almost self-perpetuating."

easy. There are only eight banks servicing the local market. The number is restricted so that Cayman does not become over-banked.

Cayman has become the largest offshore financial center today. It has 20 of the top 25 banks in the world. Instead of bringing in more and more banks, it is embarking on a policy of consolidation. Those already there are experiencing growth of assets and expansion of services. The banks, with total assets of some \$200 billion, are growing overall at a rate of 15 percent per year. Together with its very stable government, Cayman has de-

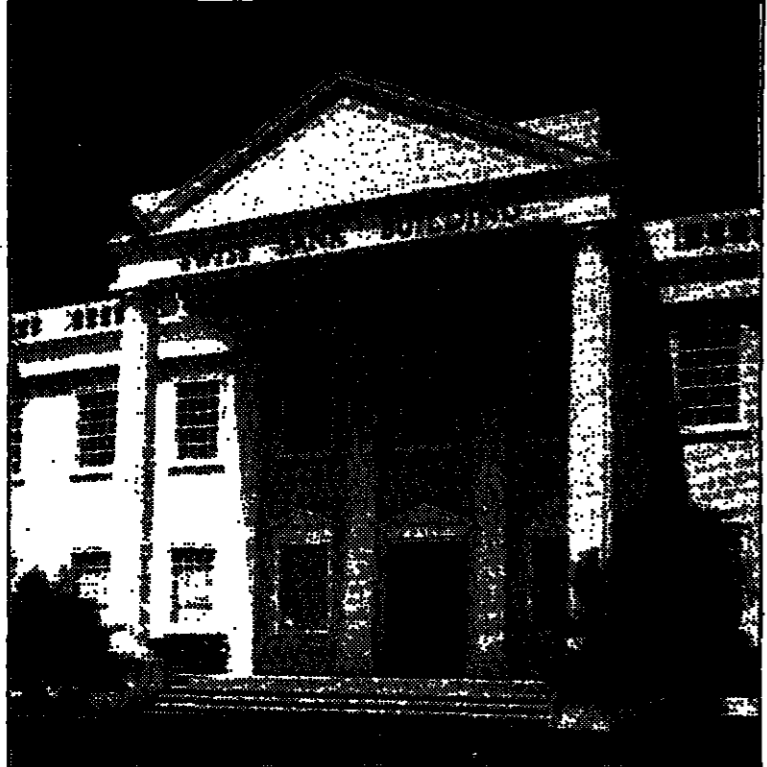
veloped a momentum which seems to be almost self-perpetuating.

The same time, he must not add to the very red tape they are seeking to avoid.

So the law has divided the industry into three categories. For major foreign banks headquartered outside Cayman, responsibility lies with the head office. In the case of the second group — subsidiaries with a physical presence in Cayman — joint responsibility is shared by the Inspector of Banks and head office supervisors. In the case of private banks the entire supervisory responsibility lies with the Inspector in Cayman.

— Peter Crook, Inspector of Banks.

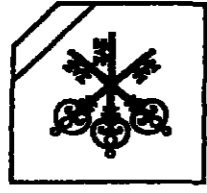
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Together with its very stable government, Cayman has developed a momentum which seems to be almost self-perpetuating.



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Capturing the Captives

UNTIL very recently the world of offshore captive insurance was not only an extremely specialized market, but also a highly exclusive one. Although dating back to the 1920s the concept of the captive, that is, a company setting up its own insurance company for the sole purpose of insuring itself, was only used by a handful of the largest multinational corporations in the world.

Today, however, the practice extends not only to most large corporations, but also to hundreds of smaller companies and even individual professionals, usually coming together in a group, to set up their own insurance company. With the net worth (or capitalization) of all Cayman captives now \$1.1 billion, and annual premium income approaching \$3 billion, risk managers around the world are flocking to benefit from the many advantages of the Cayman offshore insurance industry.

According to Peter Bates, the superintendent of insurance in the Cayman Islands, the sudden popularity of the captive insurance company is a reflection of the more or less permanent change in the worldwide insurance industry, making traditional insurance markets expensive and unresponsive to many risk managers' needs.

In 1979 Cayman enacted its Insurance Law changing Cayman from a non-regulated insurance environment to a regulated one.

"The world insurance market is changing more rapidly and radically than most market observers can ever remember," said Mr. Bates, who was underwriter for a Lloyd's Syndicate before coming to Cayman in 1984. "The soft market has disappeared, I think, for a very long time, and the market is set for a period of greatly reduced capacity and escalating premiums."

Indeed, most insurance executives believe that the cycle will never come full circle to the easier premium terms prior to the great insurance crisis of 1984.

In that crisis many risk managers found themselves unable to purchase certain kinds of insurance at any



Peter Bates
Superintendent of Insurance

"The sudden popularity of the captive insurance company is a reflection of change in the worldwide insurance industry."

price. The most publicized cases concerned medical malpractice insurance. Horror stories such as the last malpractice insurer pulling out of South Florida left doctors, hospitals, and other high-risk

professionals with no place to turn. Similarly, corporate insurance for directors' liability and a whole host of others faced exorbitant premiums and, in some cases, the likelihood of no coverage at all.

It was the bottom of the last insurance cycle, and insurance companies were losing a lot of money, especially with the phenomenal awards that courts were granting to malpractice and other claimants. In 1984 the whole market changed. Rates went way up and hundreds of companies pulled out of certain risk areas altogether.

An alternative to the newly expensive insurance, called the "deep pocket theory," inspired a whole spate of captive insurance companies to be set up offshore, and the Cayman Islands became one of the fastest growing offshore captive insurance markets.

There are now 415 captive insurance companies established in Cayman. Their average capitalization is \$1-2 million and their average premium income is \$3-4 million. The largest, with capitalization of \$750 million, is a joint association of 40 or 50 Fortune 500 companies.

Simultaneously, a support services industry second to none has grown up in Cayman, including the vital position of superintendent of insurance, the ten largest accounting firms in the world (including all of the U.S. "big eight"), a number of highly prestigious and well-connected legal firms, a sophisticated banking industry with access to all international currency markets, and 31 full-service underwriting management firms.

Some of the latter include Johnson & Higgins, Marsh McClellan, The Transnational Group, which is a subsidiary of the Reiss Organization of Shannon, Ireland, and Samuel Moutagu & Co., which is part of the Midland Bank Group of Great Britain.

"During the two liability crises of 1975 and 1984 the

"mainstreet" companies suffered major losses. Their reaction was to wipe out certain policies, regardless of past experience with particular clients. As a result, major corporations and insureds made heavy commitments in joint venture operations," said Donald Westmoreland, president of the Cayman Underwriting Managers Association and managing director of Transnational Risk Management Limited.

"There seems little likelihood that those organizations will be persuaded to abandon their captive insurance companies in the foreseeable future, having once again suffered the extreme cyclical behavior of conventional markets."

While small insureds need the solidity of a big company, the large company is solvent enough to rely on its own captive insurance. This then creates lower administrative costs as well as lower premiums. Secondly, it enables a captive to go to international "wholesale markets" for its reinsurance.

A captive, which is a wholly owned subsidiary of its parent, insures the entire needs of the parent and then turns around and buys reinsurance. Cash flow benefits accrue since premiums are paid quarterly and can be invested for the interim. The captive also earns commission from the reinsurance company.

Most important, the captive gives the insured a degree of flexibility unavailable elsewhere. "If you own your own insurance company, you can write the insurance you want," said Donald Westmoreland.

"Shading risks is the essence of insurance," said Mr. Westmoreland. "When the big corporations insure their corporations through a joint venture captive, they can then turn to the joint venture captive for most reinsurance. This is the state-of-the-art end of insurance."

Global Banking Stimulates Offshore Business



Georgetown: fast becoming a global center.

BOTH in the microcosmic sense, where a need arose for internationalized financial management, and in the macrocosmic sense, which included the beginnings of the international debt crisis in 1982, the offshore financial industry is playing an increasingly indispensable role in global banking.

"It is a noticeable development that those financial institutions now coming to the Caymans are the major international banks as opposed to the small, private banks," said Peter Crook, Inspector of Banks in Georgetown, the capital on Grand Cayman. This year the three largest Japanese banks (which are also the three largest banks in the world) and four Finnish banks set up operations in Cayman. They came not only because their chief rivals came, but also because as banks become more and more competitive they wanted to conduct their business in the most profitable location without problems.

Cayman offers specific advantages to multinational banks. For example, the Cayman Islands does not place demands on reserve requirements. And bankers also find

it convenient to be located in the same time zone as New York so that they can trade around the clock; when the Tokyo market is closed, New York is trading and vice-versa.

According to Mr. Crook, investors are beginning to keep money offshore in Cayman not so much for the tax benefits, but for the financial security the Cayman Islands offers. For example, a South American who prefers to keep his assets out of South America will deposit them in the Cayman branch of a South American bank.

A recent article in The Economist reported that the Caymanian law firm of Maples and Calder helped form a Japanese consortium of banks to write off the banks' Third-World debt through securitization. The move was part of the trend to move debt off the banks' books into the hands of investors.

Another innovative instrument was created by Schroder's Bank in Cayman, to repackage Perpetual Floating Rate Notes, when that \$18 billion market collapsed earlier this year. As the arrangement stands, holders of these notes borrow the principle and are not required to pay it

back, although they pay the interest in perpetuity.

Although an article which appeared in the International Herald Tribune on August 10 reported that there were no buyers for these expensive notes, analysts believe that the project itself was not faulty, but only premature. According to the IHT article, "the concept was the most far-reaching plan to date" to deal with the collapse of that market.

"This kind of creative instrument is a by-product of our coming of age and having achieved recognition," said Peter Tomlins, president of Cayman National Bank.

As enormous as the offshore financial markets have become, the feeling of partnership as opposed to aggressive competition prevails. Most trust companies have their networks and contracts through other jurisdictions and all trust companies provide investment services.

"Since interest rates came down, there is more incentive to invest, and so this is where our security company comes in," said Mr. Sharaf al Hassan, manager of the Bank of Credit and Commerce (BCCI).

"The fact that there is no capital gains tax or profit tax is of course the prime motive for being here," said Richard Fear, managing director of Morgan Grenfell. "At first you would get private investors setting up trusts, but you wouldn't get large capital market transactions, such as issuing floating rate notes, through a Cayman entity," Mr. Fear added. "Those kinds of products were only issued in the major financial centers. Now we have the lawyers and bankers capable of this kind of sophistication, and the issues are being made here."

What Is a Trust?

MANY investors are still uncertain about what a trust is and how it is used. This is due, in part, to the unique concept of Common Law heritage in Britain and the Commonwealth. In civil law jurisdictions, covering most of Europe and Latin America, the concept is alien. Countries in those regions do not recognize the practice of transferring ownership to a third party so that property may be preserved for beneficiaries, which is the principle behind any trust.

The Cayman Islands is home to over 20,000 active trusts. These are generally established by individuals that need to protect their family and heirs, or by multinational organizations seeking to protect their business assets.

The trust is considered one of the most flexible instruments of financial planning available offshore. Most pension funds and charities have their funds held by trustees. Personal investors can diversify their portfolios by investing in mutual funds which are

structured as "unit trusts." Trusts can be established either by will for heirs or "inter vivos." The latter makes provisions which are active during the life of the settlor. Of course the trust is based on a deed which outlines the wishes and intentions of the settlor. Even in the so-called "discretionary trust," which gives the professional trustee the right to decide how to invest the fund and how to disburse it to beneficiaries, the deed can be explicit and detailed.

"The trust's usefulness in a tax environment is that you can segregate yourself from your own assets," said Peter Tomlins, president of Cayman National Bank. Until recently the irony has been that those most in need of protection against exchange control and risk of expropriation are to be found in developing countries that do not recognize the trust as an investment tool.

To remedy the problem, a new law was enacted in the Cayman Islands this year. It states that "the law applicable

to the disposition or transfer of assets to a Cayman Islands trust shall be Cayman Islands law irrespective of the domicile of the settlor."

According to Anthony Travers of the law firm Maples and Calder, a problem may exist where several jurisdictions are involved. For example, some countries have laws such as forced heirship provisions or exchange controls which in certain cases could override Cayman law.

"Wherever the trust is administered, Cayman Islands law prevails," said Mr. Travers. "However, this presupposes that assets actually be transferred to the Cayman Islands trustee. For example, if Peruvian law says that you may not transfer assets, where the law will not assist is where the grantor has not transferred his assets. Therefore Peru becomes the dominant jurisdiction. Now, if the assets are already outside Peru, say the grantor has business in New York and his assets are never repatriated to Peru, then, we believe, our law is effective. Then the question is whether

the New York courts would apply Peruvian law or Cayman Islands law to the case. In a third example, where assets (cash, negotiable securities, share certificates, promissory notes, bonds, etc.) are transferred to the Cayman trustee, then we believe Cayman Islands law is of substantial benefit."

Civil law jurisdictions do not distinguish between the legal owner of assets and the beneficial owner of assets. "Part of what this law is doing is making the Cayman law not responsible for the laws of other jurisdictions," said Mr. Travers' partner, Andrew Jones.

This new law is also beneficial to common law jurisdictions which have exchange control laws. "We consider the Trusts (Foreign Elements) Law a brilliant piece of legislation which gives relief to thousands of investors with assets outside their own countries who would stand to lose those hard-earned assets because of restrictive and penalizing laws," Mr. Tomlins said.

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Business on the Beach

TOURISM, while extraordinarily successful in the Cayman Islands, is somewhat of a misnomer. For 450,000 visitors each year the islands are a place to do pretty much as the locals do. That means living in the attractive condominiums that stretch along the powder-soft sands of Seven Mile Beach, dining on marinated conch and turtle dishes, and, most of all, diving and snorkeling.

The country is made up of three islands, Cayman Brac with a total population of 74 people, Little Cayman and Grand Cayman, the largest. No one can visit without succumbing to the lure of their underwater environs.

What Saint Moritz is to skiing, Cayman is to scuba diving — an aficionado's dream. For non-swimmers, the Atlantic submarine dives 1,000 feet among the grouper and bright blue angel fish.

Despite the relaxed atmosphere, development is taking place. This year saw the opening of two multi-million dollar world class hotels — the Hyatt and Treasure Island — as well as the \$12 million refurbishing of the Holiday Inn.

With 20,000 companies registered in the Cayman Islands and over 500 banks, a large number of executives are able to combine business with pleasure. Several bankers even attribute some of the recent upsurge in business to the exceptional tourist accommodations.

The most remarkable thing about the Hyatt is its style — more 1880s than 1987. No one would guess that it had its official opening last April.

The pale blue facades of its buildings surround a pleasure



garden of walks and fountains. Its golf course, designed by Jack Nicklaus, caters both to hotel guests and the members of The Britannia Club who own villas and condominiums on the vast acreage of the premises.

Britannia's villas and townhouses are being developed by Ellesmere, a subsidiary of AGRA Industries, one of the foremost diversified public companies in Canada. Britannia also owns the Hyatt, and Hyatt in turn manages the villas for their owners. According to Roly Guenette, vice president of operations for Ellesmere, the Britannia offers "an opportunity to invest in some of the most valuable property in the world," with the added attraction of Hyatt's management and the absence of taxes in Cayman.

Development is perhaps the most heated issue in the extremely low-key political life of Cayman. That is, how much to develop, how quickly to do so and what to allow. "One-third of all our tourists come to snorkel or dive," explained Eric Bergstrom, the government's director of tourism. "Now there is a tremendous increase in other activities, nightlife and sports like

tennis and golf. There are a number of full-service resorts with scores of activities."

Hotel development has been accompanied by an increase in airline services, including daily Eastern Airlines flights from Miami and Northwest's service four times a week from Memphis.

But Cayman Airways still greets the traveler with a welcoming rum punch and the soothing strains of Caymanian style calypso. There are also scheduled services from Houston, Tampa, Atlanta and charters from New York and Philadelphia.

Before the advent of the large hotels, most tourists stayed in the condominium units clustered on West Bay Beach. The atmosphere there is reminiscent of another era, with the conservative West India Club set far back on a palm tree-lined drive.

Quiet, self-contained places such as the Tortuga Club on the East End specialize in diving and fishing and cater to the sports-minded. On the North End, there are the Cayman Kal and Villa Caribe hotels. At Rum Point, the Retreat and Driftwood Village both offer apartment accom-

Cayman boasts breathtaking beaches and world-class hotels, like the new, 235-room Hyatt Regency.

Cayman Brac has some truly lovely little hotels such as Tierra Beach, Brac Reef Beach and the Bucanier. All of these have professional dive operations. Little Cayman, according to Eric Bergstrom, has the finest bone fishing in the world. In Little Cayman, people stay at the Southern Cross Club, Pirates Point (whose owner, a gourmet chef, works wonders with the local seafood), and Sam McCoy's Diving Lodge. They all have six to eight rooms as well as bars and restaurants.

Most important, however, is the atmosphere in Cayman: the picturesque harbor and streets of Georgetown; the town square with its charming obelisk clock and uninterrupted views of the sea.

International Treaties Endorse Cayman Status

THERE are treaties and there are treaties, and the Mutual Legal Assistance Treaty should not be confused with others such as the Tax Information Exchange Agreement or Double Taxation Treaties.

What is absolutely excluded from the Caymanian treaty is tax information. Cayman does not consider non-payment of taxes a crime since there are no taxes of any kind in the Cayman Islands. Cayman is defined as "a non-tax jurisdiction and financial center." The economy is based on that. Breach of confidentiality is considered a criminal act. Non-payment of taxes is not.

The second type of treaty Cayman most definitely does not have is a double taxation treaty. Double taxation treaties stipulate that a company will not be taxed in two countries at the same time. These bilateral treaties allow businesses to be taxed by the country with the lower, usually negligible rates.

But now that the United States has let such treaties

lapse, the shell companies are taking down their brass plaques. Cayman's trust and banking industry, however, is not based on a tax loophole.

"One of the great strengths of Cayman was our decision not to become dependent upon a tax treaty, because then you can be held to ransom," said Richard Fear of Morgan Grenfell. "With the disappearance of the treaty in the Netherlands Antilles, the whole reason for business collapsed. People went there because of the treaty. They come here because of the business we do."

The Mutual Legal Assistance Treaty which was signed by the U.K., Cayman and United States on July 3, 1987 (although the U.S. Senate has yet to ratify it) exchanges information only in cases that are mutually considered a criminal offense.

The prototype of this treaty, the Narcotic Drugs Law of 1984, was an important step by the Cayman Islands in its efforts not to allow its tax haven facilities to be used by persons involved in narcotic

dealings. The Mutual Legal Assistance Treaty adds other crimes to the list of those that require sharing information.

"The treaty covers all crime mutually considered a crime. However, there are several obscure areas in this," said Peter Tomkins, president of Cayman National Bank. "For example, Cayman has no securities legislation per se, and therefore we have no legislation making insider trading a crime. But insider trading can be considered fraud, and fraud is most definitely a crime in Cayman. Fraud as a crime versus insider trading as a crime, is really a matter of degree and will need to be defined on a case by case basis."

Initially there was opposition and much skepticism over the new law. Fearing that it might conflict with the important confidential Relationship Preservation Law, the Chamber of Commerce reserved comment until it saw the law in action.

They now seem favorably impressed. According to Financial Secretary Thomas Jef-

ferson, "In the year since the treaty was signed we have had one of the largest growth periods in our history. After the treaty was signed, the three largest Japanese Banks established a presence here, along with others from Europe and Latin America. In this same period we grew to be the largest offshore banking center and the second largest center for offshore captive insurance companies after Bermuda. International bankers appreciate our self regulatory positions."

This sentiment was echoed by Anthony Travers of the law firm Maples and Calder. "This was partly because of events in other jurisdictions," he said. "But it is also due to the legitimizing factor of Cayman entering into the Mutual Legal Assistance Treaty. The message that comes across from this treaty is that we don't have anything to hide. It distinguishes us from other offshore centers," he added.

"The very big players in the financial scene — the 500 registered banks, the investment banks, the finance houses of London, New York, Tokyo — now have a very easy job of selling Cayman," Mr. Travers explained. "Compared with other offshore havens, it is known as the legitimate one."

CAYMAN ISLANDS

(Continued from Page 1)
of Panama has contributed to Cayman gains.

Underpinning Caymanian stability is the continued commitment of the people, and consequently the government, to remain a British crown colony. The Caymans ceded from Jamaica when the latter became independent in 1962. An investigation by the United Nations decolonization committee concluded that there was no interest in the Cayman Islands for a change in colonial status. That attitude remains today.

Cable and Wireless has made in the country," said Richard Fear, managing director of Morgan Grenfell (Cayman) Ltd. "And we credit our government for its policy to stimulate that investment. The fact that we can sit in front of a Reuters screen and trade anywhere in the world is very exciting. It is what has changed us from a passive market to a very active one."

Another major factor which has contributed to Cayman's financial success and about which Caymanian bankers are in unanimous agreement is the level of regulation that is guaranteed by the Inspector of Banks.

"We can partially explain our growth by the multi-million dollar investment that

securities — Swiss francs, Eurobonds, yen, anything," Mr. Muller said.

Morgan Grenfell is actively engaged in Latin American debt transactions. The bank manages funds for its investors and, in particular, advises its clients on mergers and acquisitions and the flotation of shares.

Maples and Calder, a highly prestigious law firm, is handling the Japanese consortium that is securitizing their Latin American debt through the Cayman Islands. According to Anthony Travers the firm handles three to five \$100 million transactions on average per week.

All Bank caters to a very finite market secured through private, selective referral. Similarly, Transocean Bank, owned by S.C. Johnson of Racine, Wisconsin, handles the Europaper for the clients of its Geneva-based affiliate, Frank & Cie, who wanted to distance their deposits from any further movement towards socialism in Europe and hold them closer to the North American market.

Washington Bank on the other hand is looking for the middle investor with the \$10,000 to \$20,000 deposit. The Cayman National Bank is a small, publicly owned company controlled exclusively by Caymanian nationals with a trust company, a securities operation and a 36 percent share in an insurance company.

To ensure that the pace of growth remains steady, the Caymanian legislature has enacted several new pieces of legislation. In addition to the Mutual Legal Assistance Treaty, the new legislation includes two important laws that are expected to bolster business even more. These are the Trusts (Foreign Elements) Law and an amendment to the Companies Law. The legislation is expected to increase the usefulness of the Cayman Islands to civil law jurisdictions, particularly in Latin America.

"Our regulatory system is second to none, and that gives the world's financial community total confidence that we are squeaky clean and as sheltered from shaky businesses and bank failure as is humanly possible," said Peter Tomkins, president and chairman of the Cayman National Bank.

The number of registered banks and their assets are only the base from which a rapidly diversifying industry has taken shape. It is in fact the use to which bankers and investors, both institutional and private, are putting their Cayman Island business that has brought offshore banking into the worldwide marketplace.

"We're moving away from our early role as just a tax haven," said Mr. Fear. "Now we're more than just a place where you can shelter money. We're a place where you can actually do business."

Guinness Mahon, for instance, provides a full spectrum of banking, trust, company and international investment management services. Butterfield's Bank, a retail bank, specializes in U.K. bond markets and Europaper. Roy West, another Cayman-registered bank, caters especially to high net-worth private investors. The Bank of Credit and Commerce (BOCC) is developing a trading floor there.

Swiss Bank's specialty, according to its managing director, Fred Muller, is private banking. "Our clients can invest in any currency in bonds,

This advertising section was written by Linda Shah.

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Currency

Country	Unit	Rate
Australia	Dollar	1.65
Canada	Dollar	1.35
France	Franc	6.55
Germany	Mark	1.36
Italy	Lira	2036
Japan	Yen	160
Netherlands	Guilder	2.20
Spain	Peseta	166.64
Switzerland	Franc	1.75
UK	Pound	2.48
USA	Dollar	1.00

Interest

Country	Rate
Australia	10%
Canada	12%
France	10%
Germany	8%
Italy	12%
Japan	5%
Netherlands	10%
Spain	10%
Switzerland	8%
UK	10%
USA	10%

هكزا من الأجل

INTERNATIONAL MANAGER As Dollar Falls, Consider Part Payment in, Say, Yen

By SHERRY BUCHANAN International Herald Tribune MANAGERS being paid in dollars and working in European countries and in Japan are hating as the dollar continues to lose value against European and Japanese currencies...

And usually only U.S. executives on long-term assignments — meaning those longer than the average three-year assignment — ask for it.

"In most countries we recommend that companies split the expatriate pay by paying a portion in local currency," said Margaret Keyrouz, senior consultant at Organization Resource Consultants Inc. in New York.

The FINANCE director of the French subsidiary of a large U.S. multinational, for instance, when he was transferred five years ago to Paris, decided he wanted to get the largest portion of his salary in French francs and a fixed portion in dollars.

Part of his decision to take split pay was triggered by the fact that his company does not offer any housing, education or cost-of-living allowances to protect overseas employees against a dollar drop.

"The company only protects the portion of your income attributed to goods and services and to housing from a currency devaluation," said Mrs. Keyrouz.

By taking split pay however, many U.S. managers fear they will lose touch with headquarters. Being on local salary can make it more difficult to negotiate a satisfactory pay level when going back home, depending what the dollar's value will be then.

Bonn Is Closer to VW Sale Says It May Offer 16% Stake in '87

By Ferdinand Proetzman International Herald Tribune FRANKFURT — The West German government will sell its stake in Volkswagen AG before the end of the year, Finance Minister Gerhard Stoltenberg said Wednesday.

The government will consider selling the 16 percent holding in 1987, Mr. Stoltenberg said, because the situation at West Germany's largest car maker has stabilized.

"The critical debate" centering on VW before an annual shareholders' meeting in June had prompted the government to postpone a decision until 1987 at the earliest, Mr. Stoltenberg said.

His remarks sent VW's shares sharply lower on the Frankfurt Stock Exchange to end at 385.50 Deutsche marks (\$211.29, off 9.50 DM from Tuesday's close.

"The market still has a lot of doubts about Volkswagen," said a broker for a West German bank. "The currency scandal looks to be about over, but it raised a lot of questions about the harmony and techniques of VW's management."

If the government does sell its stake this year, it would "almost certainly have to be at very favorable terms," the broker said.

Questions about the company's management procedures and financial controls arose after VW revealed March 10 that it would shoulder losses of 473 million DM resulting from fraudulent foreign exchange trading.

The company's Volkswagen of America Inc. subsidiary reported Wednesday that sales fell 13.7 percent in the year to Sept. 20.

A Banking Struggle 'Down Under' Slim Profits For Australia's New Entrants

By Mark Westfield New York Times Service SYDNEY — Two-and-a-half years after it was invited to apply for a banking license in Australia, Morgan Bank has still not taken up the offer.

The decision of the unit of J.P. Morgan & Co. to hang back may make it the envy of many of the 15 other international banks that quickly entered Australia after the government began a rapid deregulation of the financial system in February 1985.

Most of the new entrants, which include four large U.S. institutions, three Japanese banks and many other big names in international finance, have been scrambling for profits.

The problem is that the influx of new contenders provided too many banks for a country of 16 million people and a gross national product equal to \$220 billion.

Most successful among the newcomers are Bankers Trust Co., which chalked up a net profit last year of \$25 million, and Citibank, which made \$11.4 million.

But those performances must be considered against hefty losses at National Westminster Bank PLC of \$31 million and Royal Bank of Canada with \$6.5 million.

"The time of reckoning came a lot earlier than expected for many of the new banks," said Michael Cannon-Brookes, chairman of Citibank in Australia.

"Eighteen months ago most of the new banks were asking consultants to work out strategies for growth," he recalled. "But suddenly, today, devising ways of cutting costs as quickly as possible has become the priority."

Goods Orders Fell 3.1% in U.S. During August

WASHINGTON — Orders for U.S. durable goods fell 3.1 percent in August, the first decline since January, largely because of a decrease in orders for aircraft and aircraft parts, the Commerce Department said Wednesday.

The August decline followed no change in durable goods orders in July, revised upward from the previously reported decline of 0.6 percent.

The figures, adjusted for seasonal variations, showed that durable goods orders totaled \$105.9 billion in August and \$109.2 billion in July.

Orders for military equipment fell for the second consecutive month, dropping 6.8 percent last month after a 6.4 percent decline in July.

Orders for nonmilitary goods were down 2.7 percent last month after an increase of 0.7 percent in July.

The key category of nonmilitary capital goods fell by 8.4 percent in August, reversing a 6.6 percent increase in July.

Orders for nonmetallic machinery were down 4.3 percent, offsetting in part a 7.8 percent rise in July. Primary metals orders were down 3.7 percent after a 2.7 percent July decline.

Shipments of manufactured durable goods in August rose 0.7 percent.



R. Scott Nycum Jr., managing director of Morgan Bank's merchant banking operations in Australia.

The four nationwide domestic banks and the four large banks owned by state governments were given advance notice of the added to their difficulties.

"The time of reckoning came a lot earlier than expected for many of the new banks," said Michael Cannon-Brookes, chairman of Citibank in Australia.

"Eighteen months ago most of the new banks were asking consultants to work out strategies for growth," he recalled. "But suddenly, today, devising ways of cutting costs as quickly as possible has become the priority."

The new banks encountered fierce competition in Australia. The Sept. 4 increase in the discount rate by the Federal Reserve was interpreted as a demonstration of the U.S. resolve to stabilize the dollar in accordance with the agreement worked out with monetary authorities from Japan, West Germany, Britain, Canada and France.

Moreover, spokesmen for the Reagan administration have gone out of their way recently to assure the foreign exchange markets that the dollar's current value is producing positive results and that there is no reason for the currency to decline further.

The latest anxiety over the dollar is understandable. The U.S. Senate and the House of Representatives are already at work trying to repeal their two trade bills despite the threat of a presidential veto.

In addition, the trade deficit has emerged as one of the more visible issues for the crowded field of U.S. presidential contenders, most of whom favor some kind of import controls.

Louvre Currency Accord Sorely Tested by U.S. Trade Deficit

By John Meehan International Herald Tribune NEW YORK — The six-nation agreement that halted the dollar's plunge in February and imposed an uneasy calm in currency markets could face a severe test this autumn if the Reagan administration fails to produce convincing evidence that the U.S. trade deficit is improving.

Economists have voiced concern that the improvement has not been tangible enough to dispel the bearish view on the dollar that prevails in the markets or to cool protectionist fervor in the U.S. Congress.

Whether the Reagan administration will waver in its support of the so-called Louvre accord in the hope that further declines in the dollar will speed improvement in the deficit is also worrying finance ministers of the Group of Seven industrialized nations, who will gather Saturday in Washington for private talks.

Those trading partners fear that another significant drop in the dollar will undermine the competitiveness of their own exports and imperil their lagging economies.

Undoubtedly, they will seek some assurances from the U.S. Treasury secretary, James A. Baker 3d, as they meet ahead of next week's annual conference of the International Monetary Fund and the World Bank.

Economists emphasize that there is no indication that the United States has weakened its commitment to the Louvre accord.

Fin Times' Chief Sees No Buyout By News Corp.

International Herald Tribune LONDON — Frank Barlow, the chief executive of the Financial Times, informed his staff Wednesday that he did "not anticipate any alternative" to Pearson PLC's takeover.

Mr. Barlow's memorandum followed reports Monday that News International PLC, a unit of Rupert Murdoch's empire, had acquired a 13.5 percent stake in Pearson, the owner of the FT. That stake rose to 14.9 percent Wednesday, a level that News Corp., Mr. Murdoch's holding company, said it would maintain for at least 12 months.

"We are not going to emulate the staff of the Times and fall apart as soon as Mr. Murdoch appears over the horizon," Mr. Barlow said, referring to a large-scale defection of staff from The Times of London during Mr. Murdoch's takeover.

He asserted that Britain's Monopolies and Mergers Commission "could not possibly allow" a takeover of Britain's leading financial journal by Mr. Murdoch.

Currency Rates

Table with columns: Cross Rates, Currency, and Rate. Includes entries for Amsterdam, Brussels, Frankfurt, London, New York, etc.

Table with columns: Other Dollar Values, Currency, and Rate. Includes entries for Argentine, Australian, Canadian, etc.

Table with columns: Forward Rates, Currency, and Rate. Includes entries for 30-day, 60-day, 90-day, etc.

Table with columns: Interest Rates, Currency, and Rate. Includes entries for Eurocurrency Deposits, 1-month, 3-month, etc.

Table with columns: Key Money Rates, Currency, and Rate. Includes entries for United States, Discount rate, etc.

Table with columns: U.S. Money Market Funds, Currency, and Rate. Includes entries for Merrill Lynch Money Assets, etc.

Table with columns: Gold, Currency, and Rate. Includes entries for New York, London, etc.

Heileman Accepts Bond's New Offer

Compiled by Our Staff From Dispatches LA CROSSE, Wisconsin — The board of G. Heileman Brewing Co., the No. 4 U.S. brewer, Wednesday accepted a sweetened buyout by Bond Holdings Inc. of Australia, valuing the company at \$1.22 billion.

The agreement calls for the Australian brewer to pay \$40.75 a share for Heileman's 26.6 million shares outstanding, as detailed in Bond's revised offer on Monday. Bond originally made a hostile bid on Sept. 4 of \$1.01 billion, or \$38 a share, that Heileman had spurned as inadequate.

The total price will be worth about \$1.22 billion when convertible preferred shares are taken into account.



Alan Bond and a lot of planning to go national.

Other industry analysts think another national brand would make sense. In February 1986, Bond purchased Pittsburgh Brewing Co., which is testing a national brand called American Beer. (AP, UPI)

Advertisement for CORUM BEDETTI watches. Features a large image of a watch face with the brand name 'CORUM' and 'BEDETTI' prominently displayed. Text includes 'The Coin Watch. An exclusive creation of watchmaking art...' and contact information for the company in Rome and Switzerland.

Deloitte & Touche Sells

Floating-Rate Notes

Table of Floating-Rate Notes with columns for Issuer/Name, Coupon, Maturity, Bid, Ask, and other financial details.

Table of Cayman Islands information, including a list of companies and their details.

Table of Pounds Sterling with columns for Issuer/Name, Coupon, Maturity, Bid, Ask, and other financial details.

Table of Deutsche Marks with columns for Issuer/Name, Coupon, Maturity, Bid, Ask, and other financial details.

U.S. Futures

Table of U.S. Futures contracts including Wheat, Corn, Soybeans, and other commodities.

Table of Japanese Yen with columns for Issuer/Name, Coupon, Maturity, Bid, Ask, and other financial details.

Table of Metals including Copper, Aluminum, and other industrial metals.

Table of Livestock including Cattle, Hogs, and other agricultural products.

Table of Stock Indexes including S&P 500, Dow Jones, and other market indices.

Table of Commodity Indexes including various agricultural and industrial commodities.

INTERNATIONAL FUNDS

Large table of International Funds with columns for Fund Name, Assets, and other details.

ADVERTISMENT

Table of Advertisements for various financial services and products.

Food

Table of Food futures contracts including Soybean Meal, Soybean Oil, and other food products.

Currency Options

Table of Currency Options for various international currencies.

Financial

Table of Financial data including interest rates and other market indicators.

Paris Commodities

Table of Paris Commodities including various goods and services.

London Commodities

Table of London Commodities including various goods and services.

Dividends

Table of Dividends for various companies.

Market Guide

Table of Market Guide providing information on various markets and indices.

DM Futures Options

Table of DM Futures Options for various contracts.

Large advertisement for 'Appears to' and 'GULF' with various graphics and text.

BUSINESS ROUNDUP

C&W Appears to Prevail Japan Telecom Effort

By Our Staff From Dispatches... Cable & Wireless... apparently has won a struggle... to operate in an international telecommunications service in which it holds a substantial stake.

Lorenzo Pledges New Image for Continental

By Martha M. Hamilton... HOUSTON — Frank A. Lorenzo, chairman of Continental Airlines, has pledged to turn around the airline's reputation for poor service and to transform Continental into "the best airline for our times."

Transportation. In August it improved to second worst after Northwest Airlines as consumer complaints against Continental decreased 23 percent.

There were growing pains. There were delays and cancellations and lost baggage. Mr. Lorenzo said. "But that's changing."



Frank A. Lorenzo

Continental faces other problems beyond its public image, however. It is the target of an organizing campaign by the Air Line Pilots Association, and labor relations at its sister airline, Eastern, are suffering.

Weekly net asset value Tokyo Pacific Holdings N.V. on September 21, 1987: U.S. \$195.65 Listed on the Amsterdam Stock Exchange

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Jardine's First-Half Profit Expected To Surge 70%

HONG KONG — Jardine Matheson Holdings Ltd., the Hong Kong company grouping financial, retail and real estate interests, is expected to increase half-year profit by about 70 to 90 percent with its sale on Friday, analysts say.

Fiat, STET Venture Is in Jeopardy

By David Brown... Special to the Herald Tribune... ROME — Two of Italy's biggest industrial groups, one public and one private, are engaged in a quarrel that is threatening to destroy an effort to restructure the country's fragmented telecommunications industry.

The quarrel concerns the appointment of a managing director for Telet, the company that resulted from the merger of the Teletel telecommunications subsidiary of Fiat SpA, the Turin-based auto and industrial giant, with the Italian unit of STET SpA, itself a unit of IRI, the state-owned company that is Italy's single biggest industrial group.

Fiat sparked the tussle Tuesday by threatening to withdraw from the merger, contending that it was not consulted when STET appointed IRI's chief executive officer, Maria Bellarino, as Telet's new managing director last week.

Firm Told to Halt Newmont Buying

The Associated Press... WILMINGTON, Delaware — A Delaware judge ordered Consolidated Gold Fields PLC, the largest shareholder of Newmont Mining Corp., to stop buying Newmont shares, but his order may be a day too late.

On Tuesday, Consolidated bought as many as 16 million shares in Newmont in an attempt to thwart the takeover plans of T. Boone Pickens, who filed the suit Monday.

Consolidated, which had held 26.2 percent of Newmont stock, may have nearly doubled its stake Tuesday. In issuing its order, the court ruled Consolidated's stock buying would lock up control of Newmont's board up to 10 years.

Asko Seeks to Boost Stake In Massa to as Much as 49%

SAARBRUCKEN, West Germany — ASKO Deutsche Kaufhaus AG said Wednesday that it was seeking to increase its stake in the supermarket chain Massa AG to as much as 49.9 percent from its current interest of 24.9 percent.

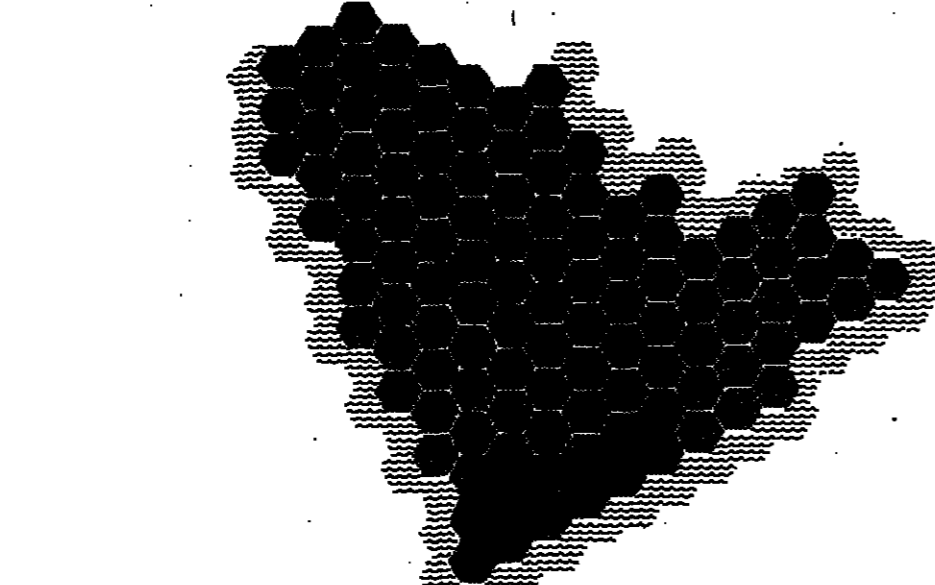
The food retailer and wholesaler said it had filed an application with the Federal Cartel Office in Berlin for permission to raise its holding to between 25 percent and 49.9 percent.

The cartel office said Monday that it probably would seek to block retroactively ASKO's 24.9 percent stake in Massa, although a holding of that size does not usually require approval by antitrust authorities.

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NYSE Most Actives table with columns: Vol., High, Low, Last, Chg.

Market Sales table with columns: NYSE 300, NYSE adv. volume, NYSE adv. price, NYSE adv. volume.

NYSE Index table with columns: High, Previous, Close, Today's P.M.A., Low.

Wednesday's NYSE Closing Via The Associated Press

AMEX Diary table with columns: Close, Prev.

NASDAQ Index table with columns: New York, Week Ago, Year Ago.

AMEX Most Actives table with columns: Vol., High, Low, Last, Chg.

Dow Jones Bond Averages table with columns: Bond, Prev., Today's Change, Yield.

NYSE Diary table with columns: Close, Prev.

Odd-Lot Trading in N.Y. table with columns: Buy, Sell, Start.

Dow Jones Averages table with columns: Open, High, Low, Last, Chg.

Standard & Poor's Index table with columns: High, Previous, Close, Today's P.M.A., Low.

Previous NASDAQ Diary table with columns: Close, Prev.

AMEX Stock Index table with columns: High, Previous, Close, Low.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

NYSE Most Actives table (continued) with columns: Vol., High, Low, Last, Chg.

NYSE Gains in Heavy Trading

United Press International NEW YORK — Prices on the New York Stock Exchange rose Wednesday in heavy trading, buoyed by follow-through buying after Tuesday's record-setting gain.

NYSE Most Actives table (continued) with columns: Vol., High, Low, Last, Chg.

AMEX Most Actives table (continued) with columns: Vol., High, Low, Last, Chg.

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NASDAQ Most Actives table (continued) with columns: Vol., High, Low, Last, Chg.

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Wednesdays NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect into trades elsewhere.

(Continued)

12 Month High	12 Month Low	Stock	Div. Yld. PE	52 Wk High	52 Wk Low	Open	Close	Change
1.4	1.4	Kimberly	2.5	18	18	18	18	0
1.4	1.4	Kroger	2.5	18	18	18	18	0
1.4	1.4	Kraft	2.5	18	18	18	18	0
1.4	1.4	Kraft	2.5	18	18	18	18	0
1.4	1.4	Kraft	2.5	18	18	18	18	0

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1.4	1.4	Kroger	2.5	18	18	18	18	0
1.4	1.4	Kraft	2.5	18	18	18	18	0
1.4	1.4	Kraft	2.5	18	18	18	18	0
1.4	1.4	Kraft	2.5	18	18	18	18	0

12 Month High	12 Month Low	Stock	Div. Yld. PE	52 Wk High	52 Wk Low	Open	Close	Change
1.4	1.4	Kimberly	2.5	18	18	18	18	0
1.4	1.4	Kroger	2.5	18	18	18	18	0
1.4	1.4	Kraft	2.5	18	18	18	18	0
1.4	1.4	Kraft	2.5	18	18	18	18	0
1.4	1.4	Kraft	2.5	18	18	18	18	0

12 Month High	12 Month Low	Stock	Div. Yld. PE	52 Wk High	52 Wk Low	Open	Close	Change
1.4	1.4	Kimberly	2.5	18	18	18	18	0
1.4	1.4	Kroger	2.5	18	18	18	18	0
1.4	1.4	Kraft	2.5	18	18	18	18	0
1.4	1.4	Kraft	2.5	18	18	18	18	0
1.4	1.4	Kraft	2.5	18	18	18	18	0

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1.4	1.4	Kraft	2.5	18	18	18	18	0
1.4	1.4	Kraft	2.5	18	18	18	18	0
1.4	1.4	Kraft	2.5	18	18	18	18	0

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1.4	1.4	Kimberly	2.5	18	18	18	18	0
1.4	1.4	Kroger	2.5	18	18	18	18	0
1.4	1.4	Kraft	2.5	18	18	18	18	0
1.4	1.4	Kraft	2.5	18	18	18	18	0
1.4	1.4	Kraft	2.5	18	18	18	18	0

PROFITING FROM LOCAL KNOWLEDGE



POCKET COMPUTER PC-103

ACHIEVEMENTS: Thornton now manages over £1 billion of investments worldwide.

Thornton's expertise covers Unit Trusts, Offshore Funds, Pension Fund Management, Investment Trusts and Private Portfolio Management.

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Wednesday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Via The Associated Press

12 Month High	Low	Stock	Div.	Yld.	PE	Stk.	12 Month High	Low	Stock	Div.	Yld.	PE	Stk.	12 Month High	Low	Stock	Div.	Yld.	PE
12	10	ABN	0.10	10.0	10	10	10	10	ABN	0.10	10.0	10	10	10	10	ABN	0.10	10.0	10
12	10	ABC	0.10	10.0	10	10	10	10	ABC	0.10	10.0	10	10	10	10	ABC	0.10	10.0	10
12	10	DEF	0.10	10.0	10	10	10	10	DEF	0.10	10.0	10	10	10	10	DEF	0.10	10.0	10

12 Month High	Low	Stock	Div.	Yld.	PE	Stk.	12 Month High	Low	Stock	Div.	Yld.	PE	Stk.	12 Month High	Low	Stock	Div.	Yld.	PE
12	10	GHI	0.10	10.0	10	10	10	10	GHI	0.10	10.0	10	10	10	10	GHI	0.10	10.0	10
12	10	JKL	0.10	10.0	10	10	10	10	JKL	0.10	10.0	10	10	10	10	JKL	0.10	10.0	10
12	10	MNO	0.10	10.0	10	10	10	10	MNO	0.10	10.0	10	10	10	10	MNO	0.10	10.0	10

12 Month High	Low	Stock	Div.	Yld.	PE	Stk.	12 Month High	Low	Stock	Div.	Yld.	PE	Stk.	12 Month High	Low	Stock	Div.	Yld.	PE
12	10	PQR	0.10	10.0	10	10	10	10	PQR	0.10	10.0	10	10	10	10	PQR	0.10	10.0	10
12	10	STU	0.10	10.0	10	10	10	10	STU	0.10	10.0	10	10	10	10	STU	0.10	10.0	10
12	10	VWX	0.10	10.0	10	10	10	10	VWX	0.10	10.0	10	10	10	10	VWX	0.10	10.0	10

12 Month High	Low	Stock	Div.	Yld.	PE	Stk.	12 Month High	Low	Stock	Div.	Yld.	PE	Stk.	12 Month High	Low	Stock	Div.	Yld.	PE
12	10	YZA	0.10	10.0	10	10	10	10	YZA	0.10	10.0	10	10	10	10	YZA	0.10	10.0	10
12	10	BCD	0.10	10.0	10	10	10	10	BCD	0.10	10.0	10	10	10	10	BCD	0.10	10.0	10
12	10	EFG	0.10	10.0	10	10	10	10	EFG	0.10	10.0	10	10	10	10	EFG	0.10	10.0	10

12 Month High	Low	Stock	Div.	Yld.	PE	Stk.	12 Month High	Low	Stock	Div.	Yld.	PE	Stk.	12 Month High	Low	Stock	Div.	Yld.	PE
12	10	HJK	0.10	10.0	10	10	10	10	HJK	0.10	10.0	10	10	10	10	HJK	0.10	10.0	10
12	10	LNM	0.10	10.0	10	10	10	10	LNM	0.10	10.0	10	10	10	10	LNM	0.10	10.0	10
12	10	OPQ	0.10	10.0	10	10	10	10	OPQ	0.10	10.0	10	10	10	10	OPQ	0.10	10.0	10

12 Month High	Low	Stock	Div.	Yld.	PE	Stk.	12 Month High	Low	Stock	Div.	Yld.	PE	Stk.	12 Month High	Low	Stock	Div.	Yld.	PE
12	10	RST	0.10	10.0	10	10	10	10	RST	0.10	10.0	10	10	10	10	RST	0.10	10.0	10
12	10	UVW	0.10	10.0	10	10	10	10	UVW	0.10	10.0	10	10	10	10	UVW	0.10	10.0	10
12	10	XYZ	0.10	10.0	10	10	10	10	XYZ	0.10	10.0	10	10	10	10	XYZ	0.10	10.0	10

12 Month High	Low	Stock	Div.	Yld.	PE	Stk.	12 Month High	Low	Stock	Div.	Yld.	PE	Stk.	12 Month High	Low	Stock	Div.	Yld.	PE
12	10	ABC	0.10	10.0	10	10	10	10	ABC	0.10	10.0	10	10	10	10	ABC	0.10	10.0	10
12	10	DEF	0.10	10.0	10	10	10	10	DEF	0.10	10.0	10	10	10	10	DEF	0.10	10.0	10
12	10	GHI	0.10	10.0	10	10	10	10	GHI	0.10	10.0	10	10	10	10	GHI	0.10	10.0	10

WHEN THIS HYPERSONIC PASSENGER AIRCRAFT BECOMES REALITY IT WILL FLY AT 25 TIMES THE SPEED OF SOUND. BUT WE'LL ENSURE THE CHATEAU PICHON LALANDE TRAVELS WELL.

As the airline with the world's most modern fleet, we are eagerly following the development of this experimental hypersonic passenger aircraft, which could be operating by the turn of the century. It would enable us to fly you from, say, London to Singapore in a mere 50 minutes. Or from San Francisco to Hong Kong in one hour. But rest assured our standard of inflight service will not change. We'll still find enough time for the Chateau Pichon Lalande to breathe before being poufed.

SINGAPORE AIRLINES

مكتبة الرحيل

Wednesday's DTC Prices

NEW YORK

12 Month High	Low	Stock	Div.	Yld.	PE	Stk.	12 Month High	Low	Stock	Div.	Yld.	PE	Stk.	12 Month High	Low	Stock	Div.	Yld.	PE
12	10	ABC	0.10	10.0	10	10	10	10	ABC	0.10	10.0	10	10	10	10	ABC	0.10	10.0	10
12	10	DEF	0.10	10.0	10	10	10	10	DEF	0.10	10.0	10	10	10	10	DEF	0.10	10.0	10
12	10	GHI	0.10	10.0	10	10	10	10	GHI	0.10	10.0	10	10	10	10	GHI	0.10	10.0	10

London Daily

Inter

SYDNEY

CURRENCY MARKETS

Dollar Ends Mixed on Negative Data

Reversal LONDON — The dollar ended mixed Wednesday in European trading after disappointing U.S. economic data took the gloss off currency's afternoon performance.

London Dollar Rates table with columns for Country, Bid, and Ask rates for various currencies like Deutsche mark, Swiss franc, etc.

The dollar had risen earlier in the morning on renewed hopes in the Gulf, dealers said. The dollar ended at 1.8220 DM at today's close, but slipped to 85 yen from 144.05.

New U.K. Bonds Yield 9.51%

LONDON — The British government auctioned Wednesday \$800 million (\$1.31 billion) of 9 percent bonds due in 2008 at an average yield of 9.51 percent, getting a weaker response from investors than at its only other auction in May.

BANKS: Foreign Entrants Find Australian Market Crowded, Profits Slim

(Continued from first finance page) bank in Australia. As a wholly owned merchant bank, Morgan does not disclose its profits, but by all accounts it is doing well.

Table showing Assets and 1986 Net Profit for various banks including Bank of Singapore, Bankers Trust (U.S.), Chase (U.S.), Deutsche Bank (West Germany), L.B.J. (Japan), Mitsubishi Bank (Japan), and Natwest Bank (British).

ing them forced the bank to lift the interest rate back to the level of its competitors, causing many of its customers to drop out of the program. Consumer banking has proved difficult for most of the foreign institutions, and Bankers Trust's avoidance of that sector may be the key to its success.

Intervention Halts Rise of Australian Dollar

Reversal SYDNEY — The Australian dollar appears to have peaked after aggressive selling of the currency by the Reserve Bank over the past few days, dealers said Wednesday.

exchange adviser at Westpac Banking Corp. Dealers said that the central bank may have sold a total of 500 million dollars (\$366.5 million) on Tuesday and Wednesday in an effort to halt the currency's rise.

Australia and continued selling in Europe. Its intervention triggered profit-taking by foreign investors. The central bank declined to comment on whether it had intervened.

Wednesday's OTC Prices NASDAQ prices as of 3 P.M. New York Time. Via The Associated Press.

Large table of OTC prices for various stocks, including columns for Stock, Div. Yld., and High/Low prices.

Table of stock prices for companies starting with 'A', including columns for Stock, Div. Yld., and High/Low prices.

Table of stock prices for companies starting with 'B', including columns for Stock, Div. Yld., and High/Low prices.

Table of stock prices for companies starting with 'C', including columns for Stock, Div. Yld., and High/Low prices.

ing arm. It was to have simulated branches in the department stores of Coles Myer Ltd., Australia's largest retailer. Now Bank of America has said that it might part company with Coles, its 25 percent partner in Australian banking operations.

And then there is Chase Manhattan, which came to Australia with the most fanfare. Now Chase's joint banking venture with Australia's largest life insurer, Australian Mutual Provident Society, is trying to recover from a costly plunge into the retail market that had only limited success.

The Chase venture aggressively sought business among wealthy individuals by offering a credit card that offered an interest rate at three percentage points below that of its rivals. The bank managed to circulate fewer than 70,000 cards, and the high cost of issuing and servicing

Taiwan Power Reports Records for Fiscal '87

TAIPEI — Taiwan Power Co. reported record profit and revenue Wednesday for the year ended in June. The government-owned company said that pretax earnings rose 23 percent to 34.1 billion Taiwan dollars (\$1.13 billion), or 0.50 dollars a share, on a 7.6 percent increase in sales to 139.4 billion Taiwan dollars. Taiwan Power also said it would pay a dividend of 3.40 dollars a share.

Table of stock prices for companies starting with 'D', including columns for Stock, Div. Yld., and High/Low prices.

Table of stock prices for companies starting with 'E', including columns for Stock, Div. Yld., and High/Low prices.

Table of stock prices for companies starting with 'F', including columns for Stock, Div. Yld., and High/Low prices.

Table of stock prices for companies starting with 'G', including columns for Stock, Div. Yld., and High/Low prices.

Table of stock prices for companies starting with 'H', including columns for Stock, Div. Yld., and High/Low prices.

Table of stock prices for companies starting with 'I', including columns for Stock, Div. Yld., and High/Low prices.

Table of stock prices for companies starting with 'J', including columns for Stock, Div. Yld., and High/Low prices.

Table of stock prices for companies starting with 'K', including columns for Stock, Div. Yld., and High/Low prices.

Table of stock prices for companies starting with 'L', including columns for Stock, Div. Yld., and High/Low prices.

Table of stock prices for companies starting with 'M', including columns for Stock, Div. Yld., and High/Low prices.

Table of stock prices for companies starting with 'N', including columns for Stock, Div. Yld., and High/Low prices.

Table of stock prices for companies starting with 'O', including columns for Stock, Div. Yld., and High/Low prices.

Table of stock prices for companies starting with 'P', including columns for Stock, Div. Yld., and High/Low prices.

Table of stock prices for companies starting with 'Q', including columns for Stock, Div. Yld., and High/Low prices.

Table of stock prices for companies starting with 'R', including columns for Stock, Div. Yld., and High/Low prices.

Table of stock prices for companies starting with 'S', including columns for Stock, Div. Yld., and High/Low prices.

Table of stock prices for companies starting with 'T', including columns for Stock, Div. Yld., and High/Low prices.

Table of stock prices for companies starting with 'U', including columns for Stock, Div. Yld., and High/Low prices.

Table of stock prices for companies starting with 'V', including columns for Stock, Div. Yld., and High/Low prices.

Table of stock prices for companies starting with 'W', including columns for Stock, Div. Yld., and High/Low prices.

Table of stock prices for companies starting with 'X', including columns for Stock, Div. Yld., and High/Low prices.

Table of stock prices for companies starting with 'Y', including columns for Stock, Div. Yld., and High/Low prices.

Table of stock prices for companies starting with 'Z', including columns for Stock, Div. Yld., and High/Low prices.

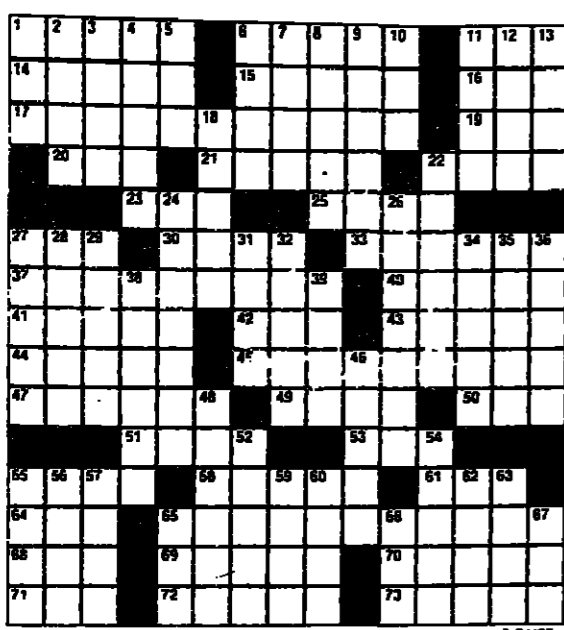
Table of stock prices for companies starting with 'AA', including columns for Stock, Div. Yld., and High/Low prices.

U.S. Now Supports Rise in World Bank Funding

WASHINGTON — Treasury Secretary James A. Baker 3d said Wednesday that the Reagan administration now supported a general increase in funds to enable the World Bank to boost lending to Third World countries. Mr. Baker's announcement represented a change of position for the administration, which for some time had opposed boosting the capital funds of the World Bank, contending that the need for more money had not been demonstrated.

Wednesday's AMEX Closing. Tables include the nationwide prices up to the closing on Wall Street and do not reflect price changes elsewhere.

Table of AMEX closing prices for various stocks, including columns for Stock, Div. Yld., and High/Low prices.



ACROSS
1 Moslem spirit
6 British sprite
11 Horned god
14 "The Tempest" spirit
15 Julian's jars
16 Ellington's monogram
17 Noisy spirit
19 Inlet
20 Recent: Prefix
21 Spume; froth
22 Fighting spirit, colloquially
23 P.O. abbr.
24 Utah's flower
25 Mischievous spirit
30 Memorable pianist
33 Jewish folklore
37 Faultily made
40 ...-al
41 A victim of Artemis
42 Attention
43 Actress Hasso
44 Word with firma or cotta
45 Rejoice
47 Dumbarton Oaks, e.g.
49 Graf
50 Small boy
51 Muffins
53 U.S. mil. honor
55 Sprits
58 Maxim
61 Scotch explorer
64 Ren's spirit
65 Irish spirits
68 Resort
69 The heavens
70 Heart parts
71 Successor to F.D.R.
72 To eat, in Bonn
73 Army of the Potomac leader
DOWN
1 As. nation
2 Golf club
3 Pale green
4 Colonist's Indian friend
5 ...-al
6 Old Genesee spirits
7 Olive genus
8 Ecstasy
9 Thrashed
10 Still
11 Persian spirit
12 Actor Tamirof
13 Tide status
16 Part of a Western
17 Thus, in Genslow
22 Vocalize
26 Roms
27 Horn it up
28 Sprits in Pompey's pad
29 She toys with boys
31 Pochar
32 Some pinnipeds
34 Sired
35 Utah range name
36 Fasnied, in a way
38 Search for food
39 Saucer problem
46 French spirits
48 Family of an Irish patriot
52 Jrs.-to-be
54 Wickerwork
55 Lamer
56 Mischievous
57 Admit
59 Dryad's home
60 Sea swallow
62 Invisible emanation
63 Partner of Geraint
65 Sheltered side
66 Part of a Western
67 Thus, in Genslow
22 Vocalize

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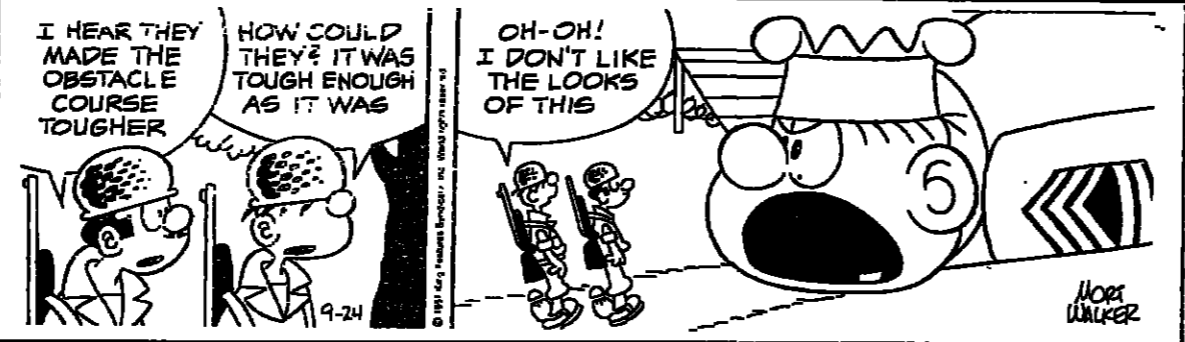
PEANUTS



BLONDIE



BETLE BAILEY



ANDY CAPP



WIZARD of ID

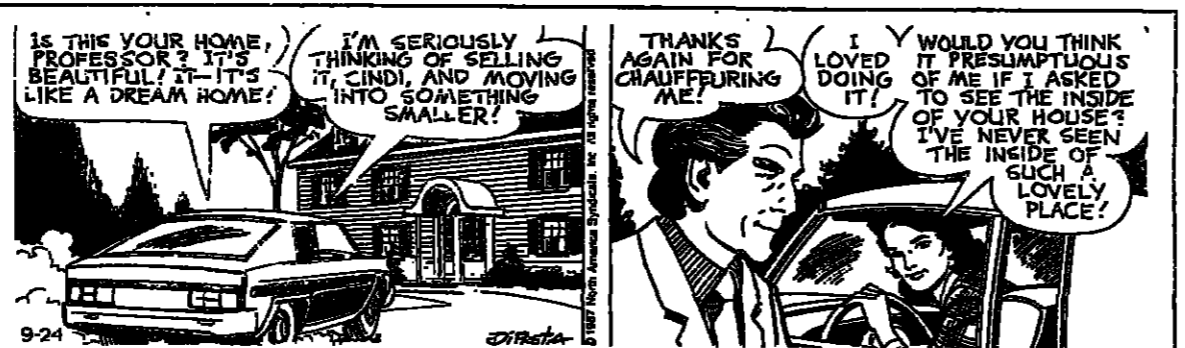


DENNIS THE MENACE



"I DIDN'T TELL YOU WHAT HAPPENED RIGHT AWAY BECAUSE IT TOOK ME A WHILE TO THINK IT UP."

REX MORGAN



GARFIELD



JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.
YODIL
IMPER
INGELT
GRAHNE
Answers: DROOP, MOUTH, OUTCRY, HYMNAL

WEATHER

Table with weather forecasts for Europe, Asia, Middle East, Oceania, and Latin America.

World Stock Markets

Table of world stock market closing prices for various countries including Amsterdam, London, Frankfurt, Zurich, and Tokyo.

Market Closed

The stock market in Tokyo was closed Wednesday for a holiday.

Table of stock market data for Tokyo, including various indices and stock prices.

The Global Newspaper



BOOKS

CROSSING TO SAFETY

By Wallace Stegner. 277 pages. \$18.95. Random House, 201 East 50th Street, New York, N. Y. 10022.

Reviewed by Alan Chuse

PREPARE to hear the sound of trumpets! It's the 50th anniversary of Wallace Stegner as a working novelist. That's correct, 50th! His first novel appeared in 1937, and "Crossing to Safety" — one of his best — has just been published, giving him a total of 15 works of fiction, as well as nearly a dozen works of nonfiction, at least one of which, "Wolf Willow," is fine enough a narrative to make any serious novelist want to put his name to it.

There will be, I trust, retrospectives enough on the Stegner lifework (calling the attention of readers who may have missed out on the pleasures and powerful dramas of novels such as "The Big Rock Candy Mountain" and "Angle of Repose" and the role of history in the present, and the family, and the forging of Western American culture, and the acute representation of the aging process, of our relation to the land, of theology and humanism in ordinary American life). So I'll focus on this current book, which recalls the old grand highway of novels about youth and age, family and friends, work and poverty and success and failure, sickness and health, loving and cherishing, the value of place and how to live with displacement, art and life.

Larry Morgan, the septuagenarian writer who tells the story, can take all the credit for that. From the beginning, his felicitous gift for making the ordinary into the beautiful catches our attention, from the odor of the air in the room in northern Vermont into which he wakes in the opening scene on through the portraits of academic life in a Midwest college town in the '30s and an upper-middle-class summer retreat in the old woods of Vermont.

I watched, bewitched, as the story of Larry and Sally Morgan and Charity and Sid Lang unfolded with such ease before me: their love for each other and for life, their defeats and victories in their attempts to make ordinary decent lives in a world born of economic depression and, later, global war. And I watched, read quickly, fascinated with the way in which the novelist's novelist, narrator Larry Morgan, makes the telling of his and his wife's and his friends' life stories the occasion for dealing with the larger issues that seem to have loomed behind most of Stegner's work.

"How do you make a book that anyone will read?" Morgan poses the question at an appropriate moment toward the end of the novel, "out of lives as quiet as these? Where are the things the novelists seize upon and readers expect? Where is the high life, the conspicuous waste, the violence, the kinky sex, the death wish? Where are the suburban infidelities, the promiscuities, the convulsive divorces, the alcohol, the drugs, the lost weekends? Where are the harems, the political ambitions, the lust for power? Where are the speed, noise, ugliness, everything that makes us who we are and makes us recognize ourselves in fiction?"

None of these things, the elements that make up the materials of novelists such as those written by everyone from Joyce Carol Oates to Robert Stone to Joan Didion to Richard Ford to Madison Smartt Bell and right down to and including just about everyone we read and praise, appears in Stegner's latest novel (though a touch here and there has shown up in some earlier books). Yet "Crossing to Safety" stands as a triumph because of these absences, not in spite of them. Stegner is a surpassing master at showing victory in the everyday activities of life, and though he admits to the darker places of the human heart, for who couldn't and still remain honest, he depicts a world in which, because of the angle of vision, we see more by sunlight than shadow.

Consider the way in which Larry Morgan describes the prospect before him as he surveys the scene in Vermont where he and his wife Sally have been visiting the Langs for nearly 40 years. "The view from Folsom Hill," he says, "is not grand in the way of Western landscapes. What gives it its charm is the alternation of wild and cultivated rough wood ending with scribed edges against smooth hayfields — this and the accent dots of white houses, red barns, and clustered cattle tiny as apidons on a leaf. Directly below them, across the shaggy top of a lesser hill, is the lake, heart-shaped, with the village at its southern end..."

This is a literary landscape, with its "scribed" woods and houses like "accent dots," and a literary landscape of a particular sort. It seems Virginia almost, and not the Virgil of the "Aeneid" but the younger poet who made the "Bucolics." The static music of "Big Rock Candy Mountain" and "Angle of Repose" ends here at a quiet, Eastern note, as the lyricist of the rational showing us his source, the New England lake, heart-shaped.

BRIDGE

By Alan Truscott

Exciting finishes have been the norm this year on the international scene. The Far East Championship ended in a tie; on the last deal of the European Championships, Britain snatched second place and with it a place in the world championships, and the final of the first World Junior Championship in Amsterdam in July was neck and neck with two deals remaining.

At that stage the French junior team (under 26 years old) led by exactly 1 international match point against the Dutch juniors. The Dutch audience watching on Vinograd was wild with excitement, for their players had fought back from a 30-point deficit. And two of the Dutch players were feeling quite guilty about the diamond deal, which had occurred earlier.

France trapped a borderline three-no-trump, as shown, and West made the effective lead of the diamond king. South took his best shot by winning with the ace and leading to the spade king. If this had won, he would have had nine tricks, barring misfortune in clubs.

But the spade king lost to the ace, and the commentators visualized down three. The defenders were now in a position to take three more spade tricks and three diamond tricks. East returned the diamond five, which was covered by the six and seven. But West did not appreciate that it was right for him to lead spades. He tried a heart, and the audience decided that one down was now a certainty. South gratefully took his heart ace and ran clubs, expecting to make eight tricks. But on the third club East threw a diamond and discovered the error too late. Under the new duplicate laws, West was barred from making the traditional inquiry: "No clubs, partner?"

The revoke cost a trick, and South made his doomed game. But there were three silver linings for the Dutch defenders. West led the diamond king.

Bridge hand diagram showing North and South hands and the play sequence.

Table of bridge scores and results for various tournaments.

Table of bridge scores and results for various tournaments, including a 'World Stocks Review'.

FL's Opposing Sides ready to Meet Nonstop; Rozelle Enters Picture

By Gerald Eskenazi
New York Times Service
NEW YORK — The parties in National Football League strike began Tuesday were to begin end-of-the-clock talks Wednesday in effort to end the walkout in time for the start of the season.



Commissioner Pete Rozelle

back, said of Korte. 'We'll see what happens after that.' Three players — none of them injured — crossed the Los Angeles Raider picket line in El Segundo, California. The most noted was the backup quarterback, Marc Wilson. 'It was agonizing,' said Wilson, who explained that his agent had advised him to show up in order to protect his guaranteed contract.

Sports

Versatile Pitchers Help Cards Widen Lead Over Mets

Compiled by Our Staff From Dispatches
ST. LOUIS — Putting pitchers in the outfield seems to be a requirement for winning the National League East.

walked two and had a two-run single in the eighth.
Expos 4, Pirates 3: In Montreal, Personal Perez won his fifth straight game and teammate Mitch Webster had two hits, including a homer, and scored twice. Perez, 5-0 since being recalled from the minors, gave up nine hits in his eight innings of work.



Wade Boggs acknowledged the cheers Tuesday at Boston's Fenway Park after a home run — his 200th hit of the season.

SCOREBOARD

Football

Leaders
NATIONAL CONFERENCE
TEAM OFFENSE
Yards Rush Pass
10 Jets 371 167 644

Baseball
Tuesday's Line Scores
AMERICAN LEAGUE
New York 6 3 1 1 0 0
Los Angeles 3 2 2 0 0 0

Major League Standings
AMERICAN LEAGUE
East Division
Toronto 92 69 .409

PGA Leaders
PGA TOUR
Bobby Clampett 153
Larry Manheim 152

Soccer
EUROPEAN CHAMPIONSHIP
Poland 2, Hungary 3
Czech Republic 2, West Germany 0

Transition
BASEBALL
Milwaukee 6, Cincinnati 1
Los Angeles 2, Pittsburgh 1

European Golfers Confident Ryder Cup Defenders

Compiled by Our Staff From Dispatches
DUBLIN, Ohio — Tony Jackin is confident that his European Ryder Cup golf team this weekend could become the first squad to beat the Americans on their home turf.



Seve Ballesteros seemed to be reassuring a concerned Jack Nicklaus Tuesday in Dublin, Ohio.

Lyle won the prestigious Tour-nament Players Championship in March, but agrees he is not a great foursomes player. 'I don't mind. Tony has told me I will not be used, and that's O.K. by me,' said Lyle. But he will attempt certainly play both of the four-ball series. Ballesteros has no injury problems.

L Leaders

Individual
All Year Avg TD
Ed McCaffrey 107 28 344

Receiving
All Year Avg TD
Ed McCaffrey 107 28 344

Scoring (Touchdowns)
All Year Avg TD
Ed McCaffrey 107 28 344

Quarterbacks
All Year Avg TD
Ed McCaffrey 107 28 344

Running Backs
All Year Avg TD
Ed McCaffrey 107 28 344

Wide Receivers
All Year Avg TD
Ed McCaffrey 107 28 344

Golf

PGA TOUR
Bobby Clampett 153
Larry Manheim 152

Professional Golfers' Association
Bobby Clampett 153
Larry Manheim 152

Senior Tour
Tommy Green 111
Tommy Green 111

PGA TOUR
Bobby Clampett 153
Larry Manheim 152

PGA TOUR
Bobby Clampett 153
Larry Manheim 152

PGA TOUR
Bobby Clampett 153
Larry Manheim 152

Soccer

EUROPEAN CHAMPIONSHIP
Poland 2, Hungary 3
Czech Republic 2, West Germany 0

EUROPEAN CHAMPIONSHIP
Poland 2, Hungary 3
Czech Republic 2, West Germany 0

EUROPEAN CHAMPIONSHIP
Poland 2, Hungary 3
Czech Republic 2, West Germany 0

EUROPEAN CHAMPIONSHIP
Poland 2, Hungary 3
Czech Republic 2, West Germany 0

EUROPEAN CHAMPIONSHIP
Poland 2, Hungary 3
Czech Republic 2, West Germany 0

EUROPEAN CHAMPIONSHIP
Poland 2, Hungary 3
Czech Republic 2, West Germany 0

Transition

BASEBALL
Milwaukee 6, Cincinnati 1
Los Angeles 2, Pittsburgh 1

BASEBALL
Milwaukee 6, Cincinnati 1
Los Angeles 2, Pittsburgh 1

BASEBALL
Milwaukee 6, Cincinnati 1
Los Angeles 2, Pittsburgh 1

BASEBALL
Milwaukee 6, Cincinnati 1
Los Angeles 2, Pittsburgh 1

BASEBALL
Milwaukee 6, Cincinnati 1
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PEOPLE

Jessica Hahn Tells All

About Bakker to Playboy

Jessica Hahn in a Playboy interview says she was told "you're going to do something tremendous for God" before Jim Bakker and another evangelist forced themselves on her sexually and "ruined my life."

And what of high art? Writing in the catalogue, Eugen Weber quotes a letter from Pissarro, reporting a fellow painter's remark to the effect that "if Dreyfus had been shot at once people would have been spared all this commotion."

The lineup of artists was by no means as one-sided as this suggests: Monet, Vuillard, Pissarro himself were all Dreyfusards. But the anti-Dreyfusard roll call of painters was headed by an even more impressive group of names: Degas, Cézanne, Renoir.

In part, she traces the gradual surfacing and hardening of Degas's anti-Semitism — for there was a time when it could truly be said that some of his best friends were Jews, the talented Halévy family (and Pissarro too).

It is easy enough to see why Philip Dennis Katz, in his essay on graphic artists in the exhibition catalogue, should sum up by drawing a contrast between Dreyfusard reason and compassion and anti-Dreyfusard bigotry.

The late 19th century may not have been the golden age of French caricature — it couldn't boast a Daumier — but it was a decidedly interesting silver age, the age of such outstanding satirical talents as Forain, Steinlen, Caran d'Ache, Willette, Félix Vallotton. And most of these artists, or the best of them, were strident and often vicious anti-Dreyfusards.

This is not to belittle the caricaturists on the other side: there are some telling examples of their work on view. But with the single exception of Vallotton, none of the Dreyfusards are really in the same class as the most gifted of their opponents. A sad fact, but one that has to be faced — and

No one asked Elizabeth Taylor if another wedding was in her future, but the much-married actress told a congressional committee Tuesday she would herself be tested for exposure to the AIDS virus before embarking on an "intimate relationship" and would insist her partner also be tested. Taylor was testifying before the House Subcommittee on Health and the Environment in her capacity as chairman of the American Foundation for AIDS Research.

Winnie Mandela, wife of the jailed South African political prisoner Nelson Mandela, said Tuesday she refused to watch a film about the couple to be screened on British television this Thursday. The film has already been shown on television in the United States. Mrs. Mandela has charged that the film was made without her consent or that of the African National Congress (ANC), of which her husband was president.

ART BUCHWALD

Missiles in Our Time

WASHINGTON — It appears we have an agreement with the Russians to remove medium-range nuclear missiles from Europe. The negotiations were tough, and both sides worked hard to put a deal together.

How did it happen? One of the Americans on the delegation, said to be a CIA man, went to a Soviet delegate and said to him, "You might as well make a deal. We know for a fact your medium-sized missiles don't work."

The Soviet delegate, certain to be a KGB man, cried, "You've been spying on us! That violates the Geneva convention."

"Don't get so excited," the CIA man said. "Ours don't work either."

"You're sure?" "We couldn't even light a Christmas tree with one. For years we knew your missiles were no good — but it was only recently we found out ours are bummers."

New York Library Opens Talk Room

NEW YORK — The New York Public Library, an institution dedicated to silence, Tuesday unveiled a great, glass-domed space where people are supposed to sound off.

"This will be the one public room here where people are encouraged to speak," Vartan Gregorian, the library's president, said at the inauguration of the Celeste Bartos Forum, following a \$4.6-million restoration.

The 80-by-80-foot room (260 by 260 feet) has a 30-foot-high skylit glass-and-steel iron dome, cast iron-and-steel pillars and marble-paneled walls. The room seats 500 and will be used for lectures, concerts and films.

Celeste Bartos, for whom the room is named, is a philanthropist who donated money for the restoration and the events that will take place in it.

Artists, Truth and Alfred Dreyfus

By John Gross

New York Times Service

NEW YORK — Anyone who has read about the Dreyfus Affair will know that it stirred up angry passions among the writers and artists of the day — Zola is only the most prominent case in point — but few people apart from specialists are likely to realize just how far-reaching an impact it had.

The magnificent exhibition at the Jewish Museum, like the affair itself, raises issues that go far beyond the immediate acts of injustice that led to Alfred Dreyfus's conviction for high treason in 1894, and that upheld the original verdict at his second court-martial in 1899. It also features an extraordinary range of pictures, documents and memorabilia.

Letters from Edward Grieg, Sarah Bernhardt (writing to Dreyfus himself), Henry James; a recently discovered photograph of the degradation ceremony Dreyfus was forced to undergo in the courtyard of the Ecole Militaire; cigarette papers, children's games, commemorative fans — these represent only a random dip into 600 exhibits on view.

Visitors to the show (open through Jan. 14) will also have a chance to see a short film about the affair produced by the Pathé brothers in 1907, the year following Dreyfus's rehabilitation — an early "docudrama" that is curiously affecting, and by no means merely quaint. And then there are the works of art: paintings, prints, drawings, posters, sculpture, works by (among others) Degas and Rodin, Pissarro and Toulouse-Lautrec.

While "The Dreyfus Affair: Art, Truth and Justice" deals with broader political issues, the relationship between art and politics is one of its central themes. It both illuminates that relationship and leaves you asking a number of troublesome questions.

One temporary casualty, for example, as Norman Kleeblatt explains in his introduction to the catalogue, was Rodin's boldly unconventional Balzac monument, originally commissioned by the Société des Gens de Lettres.

In 1898, after the statue had been shown a plaster model and rejected it, an independent fund



Félix Vallotton's view of the Dreyfus affair (left); Alfred Dreyfus in 1895.

was set up to pay for the casting of the monument. The appeal attracted support from many progressive-minded sympathizers; most of them also happened to be Dreyfusards, and Rodin, who believed that artists should steer clear of politics, refused to accept



Alfred Dreyfus in 1895.

some of the posters in a series that lampooned leading Dreyfusards in the guise of animals. "A Museum of Horrors," achieve a particularly virulent level of visual abuse.

It is easy enough to see why Philip Dennis Katz, in his essay on graphic artists in the exhibition catalogue, should sum up by drawing a contrast between Dreyfusard reason and compassion and anti-Dreyfusard bigotry. But if only it were that simple!

The late 19th century may not have been the golden age of French caricature — it couldn't boast a Daumier — but it was a decidedly interesting silver age, the age of such outstanding satirical talents as Forain, Steinlen, Caran d'Ache, Willette, Félix Vallotton. And most of these artists, or the best of them, were strident and often vicious anti-Dreyfusards.

This is not to belittle the caricaturists on the other side: there are some telling examples of their work on view. But with the single exception of Vallotton, none of the Dreyfusards are really in the same class as the most gifted of their opponents. A sad fact, but one that has to be faced — and

Dreyfusards and anti-Dreyfusards kept up a steady volley of satirical images.

Dreyfusard graphic artists alike kept up a steady volley of satirical images, and the exhibition abounds in specimens of work from both camps (including drawings from two journals that were devoted to cartoons about the affair, the Dreyfusard weekly Le Sifflet — "The Whistle" — and the anti-Dreyfusard weekly Past-1).

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